Questions for 2005 ACTUARIAL SERVICES RFP

Similar Questions Have Been Consolidated

Note: All revisions listed in the addenda or made as a result of responses to bidders' questions have been incorporated in the RFP document.

Q. In Section 1.2, it is stated that bidders must "demonstrate a minimum of 10 years of experience in providing actuarial services to other states or public entities with similar pension programs." In Section 4.3.2, however, it is stated that "particular emphasis shall be placed on any experience in supporting public sector clients especially for public employee retirement systems; however, government experience is not a requirement." May we ask for clarification of the minimum amount of experience a bidder must have in the provision of actuarial services to public retirement systems to be considered qualified to provide the services sought?

A. The requirements in section 1.2 are correct. The phrase in section 4.3.2 "government experience is not a requirement" has been eliminated. The change is reflected in the revised/updated RFP document.

Q. In Section 2.3, "Benefit Statements," it is stated that "[t]he selected bidder will produce annual benefit statements/booklets for members of the system. This will include the cost of preparation but not mailing and postage." Will the retirement systems handle distribution of the printed statements, or will the selected bidder be fully reimbursed for mailing and postage expenses?

A. Section 2.3 is restated as follows: "The selected bidder will produce data for annual benefit statements/booklets for members of the system. This will include the cost of preparation data but not production, mailing and postage."

The actuary will provided data inputs in a database/file format acceptable to the VRS. VRS will assume all costs for production, mailing and postage.

Q. In Section 2.5 ("Documents, Reports and Other"), there is a list of consequences of the breach by an "auditor" of the terms set forth in this section. Additionally, Section 4.5, "Bidder's Proposal PART III- Bidder References," asks for references to corroborate the bidder's experience in performing audits. As other descriptions in the RFP of the scope of services sought make no mention of audit services, may we ask whether these references to audit services and auditors were deliberate?

A. The last paragraph in section 2.5 beginning with "In the event…" is eliminated. This change is reflected in the revised/updated RFP document.

Section 4.5 is corrected to state, "The bidder shall demonstrate a minimum of 10 years of experience in providing actuarial services to other states or public entities with similar pension programs for similar size/type plans, and provide at least four (4) references."

For <u>each</u> reference, the bidder must include the name, address, e-mail address, and telephone numbers of individuals qualified to provide information from both the management and technical viewpoints. For each reference, the bidder must specify:

- **The length of time during which actuarial services were performed**
- **The number of participants in the Plan**
- **Statistics such as number and types of groups within a Plan, etc.**
- **The original proposal cost estimate**
- **The actual final cost**
- **An explanation of the deviation between the original estimate and final cost**
- **A description of the specific services provided.**

Q. May we receive a copy of the most recent experience study report for the VSERS and VSTRS?

A. The actuarial and experience studies are available on our Web site for each retirement system. Please look under the section marked "Financial Reports."

Q. When was the last experience study performed, and what is the desired period for the next study?

A. Experience studies are typically performed every five years. The last studies were done as follows: VSERS- 2001, VSTRS – 2002, VMERS – 2003.

Q. Are data and experience results readily available for prior periods for inclusion in the next Experience Study? In what format will that information be available?

A. Electronic copies of the most recent experience studies are available, and are currently posted on our Web site for each retirement system. Please look under the section marked "Financial Reports."

Q. How would you describe the quality of the member data in terms of accuracy and completeness?

A. The quality of member data is high. The actual fiscal year-end databases, copies of the mainframe files, are sent to the actuary unmodified. The actuary then runs diagnostics and returns exception reports. The number of significant errors is generally small.

Q. Does the actuary receive the data from a centralized source or from each participating employer?

A. Data is centralized and received from the Retirement Division's Municipal, Teachers' and State Employees' legacy database.

Q. Does the current actuary receive the information regarding vesting and credited service of participant as of the valuation date from the agency, or does the actuary determine this information based on the data provided?

A. Accumulated creditable service is provided as current fiscal year and accumulated prior service. Purchased service is shown separately. Whether or not a member is vested is easily determined from the creditable service fields. Vested deferred status (out of service but entitled to benefits) is flagged with a specific status code, but the vested benefit is not calculated in the data. However, the raw data for the calculation is provided.

Q. May we receive samples of the employee benefit statements for each System?

A. The format for the annual benefit statement may be revised in the next year. As noted in the RFP, the VRS will be responsible for the production, printing and mailing of the reports. There are a number of data fields that are required. The attached table contains a list of the relevant data fields and a description of necessary calculations for the annual benefit statements.

Q. Are there Comprehensive Annual Financial Reports (CAFRs) for each System? If so, may we obtain copies?

A. Audited financial statements are not completed for each system. The systems are, however, reported separately and in aggregate, in the Comprehensive Annual Financial Report (CAFR) for the State of Vermont. A copy of the FY 2004 CAFR may be obtained on the State of Vermont Web site (Vermont.org) under the department of "Finance and Management."

The report includes a Combining Statement of Plan Net Assets and a Combining Statement of Changes in Plan Net Assets. The schedules may also be found in the appendices of the 2004 Annual Report of the State Treasurer, on the State Treasurer's Web site.

Q. How long has the current actuary been performing these services?

A. Buck Consultants, later operating as part of Mellon Financial Corporation, has provided services to the VSTRS for over 40 years, and for approximately 10 years for the VSERS and VMERS.

Q. Does the current contract for actuarial services cover the same scope as those being requested by this RFP?

A. The services requested in this RFP vary from those requested in prior contracts.

Q. What fees have been paid over the last three years, allocated between base retainer fees and special projects, and split by System?

A. The services requested and related costs in this RFP vary from those requested in prior RFPs and related contracts. In addition, billing data is not readily available in the requested format. This information is subject to request under the Access to Public Records Law. Information on that process is available on Web site for the Vermont Secretary of State at http://www.sec.state.vt.us/

Q. May we receive a summary of the post-employment benefit program, including a description of any cost sharing between the State and the members and a listing of the insurers and/or TPAs or other contracts involved in the delivery of such benefits?

A. A complete copy of the GASB 45, Post Retirement Benefit Analysis is available on our Web site. Please look under the section marked "Financial Reports." The Comprehensive Annual Financial Report (CAFR) also contains post retirement benefit disclosure. Only the VSTRS and VSERS systems have benefits subject to GASB 45.

Q. Can you please clarify the information requested under 4.4 Section 4 "Proposed Status Reporting"?

A. Section 4.4, section 4 – "Proposed Status Reporting" has been eliminated, and the remaining sections renumbered. This change is reflected in the revised/updated RFP document.

Q. Please advise as to the approximate date upon which presentations of the proposal might be made.

A. Finalist presentations are tentatively scheduled for the afternoon of May 17, 2005.

Q. May we receive a copy of the questions asked by the other bidders (with the answers provided)?

A. Answers to questions received by bidders are posted in this document and available on the Web site of the State treasurer.

Q. Part 4.3.2 asks for "Current SAS 70 Report or external Quality Control Review". SAS 70 is the AICPA guidance that directs auditors how to perform audits of service center organizations. We have never had an SAS 70 report or external Quality Control Review required for actuarial services to other public pension systems like VRS. Would a SAS 70 report be a requirement for these services to VRS?

A. No. We would, however, ask you to provide a copy of any audited statements of related internal control reports for your organization or parent company.

If the parent company does complete a SAS 70 report for its operations, it should be provided.

Q. Part 4.5 refers to annual statement audits. Is this asking about actuarial services?

A. Answered in a previous question.

Q. The cost proposal asks about an actuarial valuation of post employment benefits. Does this pertain to the medical benefits? Is an actuarial valuation of such benefits currently being provided? If so: Please provide the most recent such actuarial valuation. Please provide fee information for such valuation, including fees quoted by current actuary if appropriate.

A. Answered in a previous question.

Q. Regarding section 4.4, question 7, what are the current requirements of VRS staff?

A. The purpose of this section is for the bidder to state its expectations with respect to VRS staff to meet objectives of the RFP. VRS will evaluate bidders' responses to this section as part of the selection process.

Q. Are there any Other Postemployment Benefits other than medical coverage that need to be included in the GASB 45 valuation? If so, please provide the description of the benefits and eligibility requirements.

A. There are no other post employment benefits to be included in the GASB 45 valuation, at this time.

Q. In Section 2.4, Additional Duties, of the RFP there is a requirement for routine consultations with VRS and the Treasurers' Office regarding fiscal, legal, and regulatory issues. Since these are identified as routine can you identify how any meetings regarding these issues occurred in each of the last two years?

A. This information cannot be quantified at this time beyond what is provided in the RFP.

ID	ParentID	Object Type	Name	Format	FieldLength	Description
1	0	Table	tblERSActuaryData			
2	1	Property	Def. Updatable:			True
3	1	Property	Date Created:			8/21/1998 1:59:20 PM
4	1	Property	Last Updated:			9/1/1999 10:30
5	1	Property	RecordCount:			
6	1	Column	ActiveNum	Text	6	1st 3 digits '000' not included, 4th digit: MRS=1; ERS=2, 8 or 9; TRS=3 or 7. 10th digit now separated into CheckDgt field.
		Column	CheckDgt	Text	1	10th digit of ActiveNum - a modulus 10 checkdigit.
7	1	Column	SPlan	Text	1	plan code. MRS=A, B C OR D. ERS=A(old contrib'y) B(old st police) C(st police and enforcement) D(judges) E(remaining inactive or vested non-contrib'y) F(curr plan).
8	1	Column	Status	Text	1	A=currently active I=inactive (out of service) V=vested deferred R=retired(this or last fy) W=withdrawn(this or last fy).
9	1	Column	StatusDt	Date/Time	8	If R or W, the date of the withdrawal.
10	1	Column	Emplyr1	Text	5	ERS=Payroll dept's employee number. MRS/TRS=remitting entity id (payroll unit number).
11	1	Column	SSN	Text	9	
12	1	Column	LastName	Text	17	
13	1	Column	FirstName	Text	12	
14	1	Column	Addr1	Text	30	
15	1	Column	Addr2	Text	30	
16	1	Column	City	Text	20	
17	1	Column	State	Text	2	
18	1	Column	ZipForeign	Text	20	20 byte field for zipcode and extension, or foreign country name.
19	1	Column	BirthDt	Date/Time	8	
20	1	Column	Sex	Text	1	M or F
21	1	Column	MembDt	Date/Time	8	Date of retirement membership in this system (not necessarily this plan).
22	1	Column	HireDt	Date/Time	8	ERS only: From payroll files. Through fy 78, there was a 3 yr eligibility period for non-state police members. Hire dt sh be 3 yrs less than membership date for them (not always reliable).

23	1	Column	RefundCtb	Currency	8	Contributions refunded (status W).
24	1	Column	RefundInt	Currency	8	Interest refunded (status W).
25	1	Column	TotTaxedRegCtb	Currency	8	Post-tax contributions (if TRS, all regular contributions through 6/30/92; if ERS, all regular and annuity ctb through 3/20/98; if MRS, all regular contributions through 6/30/99).
26	1	Column	TermEmployCd	Text	1	T if employer data shows a termination. U if postings stop without employer data indicating a termination.
27	1	Column	TermEmployDt	Date/Time	8	If TermEmployCd is T, the employer's termination date. Otherwise same as LastPostingDt.
28	1	Column	InvestCd	Text	1	If member converted from plan A to E in 1981, and invested int(I) or int+ctb(W or C) in SDIA investment. 0=refunded it all - no SDIA.
29	1	Column	WithdrFY	Number (Double)	8	Fiscal year of withdrawal.
30	1	Column	WithdrCd	Text	1	Reason for withdrawal code. Space=active/inactive. A=normal refund. B=death no benefit. H=transfer to MRS/ERS/TRS I=suspense L=refund from vested M=enrolled in error T=rollover to IRA, etc. C=death child ben D=death, auto surv E=death, auto surv w/child F=normal retirement G=disability K=retire from vested N=death disabled child O=late retirement P=early retirement R=ERI normal ret S=ERI early ret V=rollover to DC Q=accid disability J=vested deferred
31	1	Column	WithdrNum	Text	5	If status W, withdrawal seq number. If status V (vested deferred), vested number.
32	1	Column	RetirNum	Text	5	If status R (retired), retirement seq number.
33	1	Column	InitDoneCd	Text	1	*=withdrawn last fiscal year. Kept on file one extra fy for history. To be purged at end of this fy.
34	1	Column	ClosingDiscrep	Currency	8	For W. R or V status: contributions posted after withdrawal.
35	1	Column	ClosingDiscrepCd	Text	1	Reason code for discrepancy.
36	1	Column	ClosingDiscrepFYIncurred	Text	2	FY discrepancy happened.
37	1	Column	ClosingDiscrepFYResolved	Text	2	FY discrepancy successfully resolved.
38	1	Column	25YrCd	Text	1	Y=25 years of service. No further contribs required, for ERS and TRS plan A members.
39	1	Column	BenType1	Text	1	1st beneficiary code P=primary C=contingent E=estate (no beneficiaries named).
40	1	Column	BenName1	Text	25	1st beneficiary name
41	1	Column	BenType2	Text	1	2nd beneficiary code

42	1	Column	BenName2	Text	25	2nd beneficiary name
43	1	Column	BenType3	Text	1	3rd beneficiary code
44	1	Column	BenName3	Text	25	3rd beneficiary name
45	1	Column	BenType4	Text	1	4th beneficiary code
46	1	Column	BenName4	Text	25	4th beneficiary name
47	1	Column	BenType5	Text	1	5th beneficiary code
48	1	Column	BenName5	Text	25	5th beneficiary name
49	1	Column	BenType6	Text	1	6th beneficiary code
50	1	Column	BenName6	Text	25	6th beneficiary name
51	1	Column	MixMbrCd	Text	1	M=member's benefit calculated from multiple plans - omit from statements.
52	1	Column	Group	Text	1	Subset of Splan. MRS/TRS=same as splan. ERS: A=default - no special meaning B=state police C=old state police D=probate judge E=superior/supreme ct judge F=county clerk G=game warden H=airport firefighter I=motor veh inspector. N-Z=employed by college/town
53	1	Column	PrCtb	Currency	8	Regular contributions thru end prev fy. PrCtb+PrAnnCtb+PrCrPurchCtb = total prior ctb. (Pr=prior: total accum up to but excluding current fiscal year.)
54	1	Column	PrInte	Currency	8	Regular interest thru end last fy. Accumulation of all interest on PrCtb accrued prior to curr fy. (PrInt+PrAnnInt+PrCrPurchInt equals total all interest accrued prior to curr fy). Note: Fieldname was PrInt in 1998.
55	1	Column	PrAnnCtb	Currency	8	Annuity contributions thru end of prev fy. Annuity ctb is additional contrib above mandatory ded rate.
56	1	Column	PrAnnInt	Currency	8	Annuity interest through end last fy. Accumulation of all interest on PrAnnCtb accrued prior to curr fy.
57	1	Column	PrCrPurch	Currency	8	Prior credit purchase contributions thru end of prev fy. Contributions which purchased creditable service.
58	1	Column	PrCrPurchInt	Currency	8	Prior credit purchase interest. Accumulation of all interest on PrCrPurchCtb through end of prev fy.
59	1	Column	PrVariance	Currency	8	unused
60	1	Column	PrVarianceInt	Currency	8	unused
61	1	Column	FYCtb	Currency	8	Curr fy regular contrib. (FY=current fy only. Pr contrib and interest fields plus FY contrib and interest fields equal total todate.)

62	1	Column	FYInt	Currency	8	Curr fy regular annual interest calculated this year on PrCtb +PrInt.
63	1	Column	FYInstInt	Currency	8	Curr fy regular instant interest calculated this year on FyCtb.
64	1	Column	FYAnnu	Currency	8	Curr fy annuity contrib.
65	1	Column	FYAnnInt	Currency	8	Curr fy annuity annual interest calculated this year on PrAnnCtb +PrAnnInt.
66	1	Column	FYAnnInstInt	Currency	8	Curr fy annuity instant interest calculated this year on FyAnnCtb.
67	1	Column	FYCrPurch	Currency	8	Curr fy credit purchase contrib.
68	1	Column	FYCrPurchInt	Currency	8	Curr fy credit purchase annual interest calculated this year on PrCrPurchCtb+PrCrPurchInt.
69	1	Column	FYCrPurchInstInt	Currency	8	unused (no instant int calculated on credit purchases).
70	1	Column	FYVarianceInt	Currency	8	unused.
71	1	Column	FYPretaxCtb	Currency	8	Obsolete field as of 7/99: was MRS Pretax contributions received curr fy. MRS is now all pretax from 7/1/99.
72	1	Column	LastPostingDt	Date/Time	8	Date last time a quarterly (or bi-wkly) posting transaction was applied (with contributions and/or salary).
73	1	Column	IntrestPdDt	Date/Time	8	Date last interest applied.
74	1	Column	PriorSvc	Number (Double)	8	Creditable service (in years) accrued prior to the inception of this retirement system. (MRS and ERS only).
75	1	Column	DreSvc	Number (Double)	8	unused.
76	1	Column	CredPurSvc	Number (Double)	8	Creditable service (in years) purchased by member (reflected by PrCrPurchCtb or FYCrPurchCtb).
77	1	Column	PriorMembSvc	Number (Double)	8	Creditable service (in years) accrued by employment from membership date through end last fiscal year.
78	1	Column	CurrMembSvc	Number (Double)	8	Creditable service (in years) accrued by employment in the current fiscal year. This is applied at end of fy, calculated from YTDSvc.
79	1	Column	YTDSvc	Number (Double)	8	Current year 'raw' service, applied during the year. MRS=hours, ERS=bi-weekly pay periods, TRS=FTE. CurrMembSvc is calculated annually from this.
80	1	Column	MstRegDed%	Number (Double)	8	Regular contribution deduction rate, if different from the standard.
81	1	Column	AnnuityRate%	Number (Double)	8	Annuity contribution deduction rate, if different from the standard.
82	1	Column	PurchRateCtb	Number (Double)	8	unused. (credit purchases no longer paid via deduction).
83	1	Column	TrsSalCurrYrend	Currency	8	TRS only: the salary posted in the June quarter. Considered the actual salary paid, vs. contract salary.

84	1	Column	TrsSalCurrContract	Currency	8	Salary as posted during the year. TRS=contract salary, MRS and ERS=a ytd accumulation.
85	1	Column	LastSalAmt1	Currency	8	Salary last fiscal year.
86	1	Column	LastSalAmt2	Currency	8	Salary fiscal year minus 2.
87	1	Column	LastSalAmt3	Currency	8	Salary fiscal year minus 3.
88	1	Column	LastSalAmt4	Currency	8	Salary fiscal year minus 4.
89	1	Column	LastSalAmt5	Currency	8	Salary fiscal year minus 5.
90	1	Column	LastSvc1	Number (Double)	8	Creditable service accrued last fiscal year.
91	1	Column	LastSvc2	Number (Double)	8	Creditable service accrued fiscal year minus 2.
92	1	Column	LastSvc3	Number (Double)	8	Creditable service accrued fiscal year minus 3.
93	1	Column	LastSvc4	Number (Double)	8	Creditable service accrued fiscal year minus 4.
94	1	Column	LastSvc5	Number (Double)	8	Creditable service accrued fiscal year minus 5.
95	1	Column	Expand	Number (Double)	8	Number of previous plans for this member. A summary for each one is on a separate file. Link by active number.
96	1	Column	ExemptCd	Text	1	ERS only: Exempt indicator - Y or N.
97	1	Column	Hi5SalAvg	Number (Double)	8	The AFC of the highest 5, 3 or 2 salaries (depending on plan). Does not count the current fiscal year. Used mainly for Vested deferreds, whose last 5 salaries have disappeared from view.
98	1	Column	Hi5Fy	Number (Double)	8	The Fiscal Year of the last of the highest years of salary to be used as AFC.
77	1	Column	ERS/TRS only: Tfr_Cred_S	Number (Double)	8	Creditable service (in years) accrued by employment in the previous plan (ERS plan E or TRS plan B).
77	1	Column	MRS only: Seven Additional Columns	Number (Double)	8	Creditable service breakout by plan: A1_svc, A2_svc, A3_svc, B_svc, C_svc, D_svc, ~~Tot_Svc. Tot_Svc shows only for those members who were in more than one plan.~~Tot_SVC was the sum of the other 6 fields. Changed 2/05 to show PriorSvc+CredPurSVC+PriorMembSvc+CurrMembSvc.
97	1	Index	RetirNum			1
98	97	Property	Name:			RetirNum
99	97	Property	Unique:			False
100	97	Property	Clustered:			False
101	97	Property	Primary:			False
102	97	Property	Foreign:			False
103	97	Property	Required:			False
104	97	Property	Ignore Nulls:			False
105	97	Property	Distinct Count:			929

106	97	Index Field	RetirNum			Ascending
107	1	Index	WithdrNum			1
108	107	Property	Name:			WithdrNum
109	107	Property	Unique:			False
110	107	Property	Clustered:			False
111	107	Property	Primary:			False
112	107	Property	Foreign:			False
113	107	Property	Required:			False
114	107	Property	Ignore Nulls:			False
115	107	Property	Distinct Count:			1832
116	107	Index Field	WithdrNum			Ascending