

Bid #10-13-14-12 “Proposals - Comprehensive Actuarial / Pension Services & Pension Internet Technology Platform”

Section A – Services Required

Section A-1 – Summary of Actuarial/OPEB Services Required

1. Every year (two years) the actuary shall conduct an actuarial valuation of each of the City’s seven (7) pension plans and shall prepare a separate written report thereon for each of the seven (7) plans. Each report shall include all data necessary to meet the requirements of GASB 25/27, Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers, and the requirements of any future amendments to the pronouncement, as well as the data necessary to prepare any reports required by the federal government relative to the seven (7) pension plans. Such actuarial valuations shall be based on census information provided annually to the actuary by the City, and on such actuarial assumptions that the City and the actuary agree are reasonable and appropriate in the circumstances.

The next valuation will be performed as of 7/01/14 for each of the following pension plans:

Pre-67 Police Pension Plan
Pre-67 Fire Pension Plan
General Employees’ Pension Plan

2. Serve as consulting actuary in connection with pension matters arising through labor negotiations or by City proposal. The actuary would advise the City regarding a proposed pension change and would compute the impact of a proposed change on the City's annual pension contribution and on the unfunded pension liability.
3. Submit annually in December, a letter to the Director of Finance recommending the employer contribution (budget estimate) for each Plan for the fiscal year beginning on July 1.
4. Revise and update pension booklets for each of the seven (7) pension plans describing the plans and benefits therein under. This would involve drafting of the copy only. Printing to be done by the City.
5. Prepare employee benefit statements for members of the various employee groups within the City to be done on annually, within four (4) months of the end of the City’s fiscal year.
6. Assist the City in developing appropriate assumptions and reviewing investment and participation experience.
7. Provide expert advice on all pension related matters, including plan interpretation, plan design changes, and alternative valuation methods.

8. Assist and work with the various pension boards and their members.
9. Attend meetings of the various pension boards shortly after completion of the annual actuarial valuation to review the report for each of the seven (7) pension plans and discuss any recommendation made therein.
10. Assist the City in maintaining its pension census data in computerized form to facilitate transmission of this data to the actuary for the annual valuation.
11. Assist the City in the preparation of any governmental filings. Keep the City informed of any pending or new legislation that may affect the City's Retirement System in regard to cost, funding, and disclosure requirements.
12. Provide pension information to City's auditors for inclusion in annual financial statements including GASB 25/27 disclosure.
13. Perform benefit calculations as submitted by the Director of Finance or his designee to the actuary for all retirees in the General Employees Pension Plan.
14. Develop historical financial activity and performance metrics.
15. Develop a pension analysis section for the annual municipal budget document.
16. OPEB

The objective of this project is to be able to recognize OPEB costs systematically over employee's years of service and to provide relevant information about the actuarial accrued liabilities for these benefits. Specifically, the selected firm will provide:

- a. A determination of the City's retiree medical benefits actuarial liability as of June 30 each year
- b. A breakdown of this liability by the following:
 - Current Employees
 - Retired Employees and dependents (survivors)
 - Pre-Age 65
 - Post- Age 65
 - Valuation of liability
- c. An analysis and explanation of the various funding strategies that might be considered for funding and the cost of the benefits associated with past service and strategies for reducing the cost of the benefit going forward.
- d. The required annual total contribution amounts under the various funding strategies utilizing different amortization periods (20, 25, and 30 years).

- e. For actuarial valuation of benefits, separately identifying amounts for actives, retirees and term vested, a breakdown of the annual contribution amount into the following components:
- Present Value of Future Benefits
 - Actuarial Accrued Liability
 - Plan Assets and Unfunded Actuarial Accrued Liability and Normal costs
 - Interest earning component on contribution amounts
 - Annual Required Contribution (ARC) as a dollar amount and percentage of payroll, identifying normal costs and the outstanding balance and amortization amount of each component of the Unfunded Actuarial Accrued Liability
- f. A schedule for each valuation indicating the projected number of retirees for each of the next 30 years based on the current pools of retirees and active, with the projected benefits payable.
- g. A summary of the actuarial basis and assumptions used in the valuations.
- h. An executive summary of the results of this analysis.
- i. The contracted firm shall perform the following activities to complete the actuarial funding study for the City's OPEB programs:
- Meet with City Staff to help select appropriate actuarial cost assumption methods (entry age, frozen entry age, attained age, or other deemed appropriate assumptions).
 - Determine the appropriate Governmental Accounting Standards Board (GASB) required reserve for the outstanding liability as of June 30, 2013 or more recently if possible.
 - Prepare a written report summarizing conclusions and recommendations and documenting the analysis.
 - Attend one or more meetings with City officials, pension boards and with the external auditing firm to discuss the report.
 - Make a presentation of the final report to the City Council and the City Council committee on Finance.
 - Work with the City to develop an affordable funding strategy/plan and monitor the plan annually.

Section A-2: Summary of Internet Technology Platform for Pension Services:

Web Access

Using the web for fast and easy access to employee benefit information for City employees (administration and staff) which includes the following:

- Accrued, vested, and projected benefit amounts, including a chart showing projected growth of benefits at various retirement ages
- Benefit projector, which allow participants to choose a retirement age and assumed pay increases
- Optional forms of benefit calculator that allow participants to enter a spouse's date of birth (all forms under plan to illustrate normal retirement date)
- Ability to show projected Social Security benefit at various retirement ages
- Snapshot summary of key plan provisions
- Plan name, City logo appear on each web page
- Ability to add custom greeting after the initial access into the system
- Ability to review personal data on file
- PIN and address change
- Access to Frequently Asked Questions and Defined Benefit Glossary
- Access to a an Adobe® PDF version of the Summary Plan Description (SPD)
- Access to Retirement Planning software
- Appropriate disclaimers
- Ability to build an interface from the City's 457(b) deferred compensation provider

Statements

Defined Benefit statements must be designed to provide useful information and not confuse participants. The statements should give snapshots of estimated current and projected benefits.

Section A-3: Summary of Comprehensive Pension Administration and Service Center

Participants should have access to a Participant Service Center that has the ability to respond to questions on the City's pension plan. Service Center representatives or account executives should have access to a comprehensive customer service application that pulls together all participant and plan level information needed to address plan participant questions.

Additional features of the Service Center should include:

- Call history for each participant is maintained with the system
- Automatic tracking of all calls
- Reporting and tracking of follow-up calls
- Participant satisfaction survey information
- Ability to access the web through an administrative login allows representatives or account executives to assist participants with any specific questions that they may have regarding the site
- E-mail management system to respond to participant inquiries
- Ability for participants to indicate preference for response (e-mail or call back)
- Availability of a management report for these services; e.g., to see calls on a particular subject

Participants in the plan should be able to contact the Service Center any time during normal business hours 8:30 a.m. to 4:30 p.m. Eastern Time, Monday through Friday (excluding major holidays).

Administrative services to include:

- Recordkeeping, including ongoing updating of data through regular payroll data feeds
- Preparation of termination and retirement calculations and related communications
- Preparation of special calculations including disability, pre and post retirement death calculations, age 70^{1/2} calculations, etc.
- Processing of participant elections and distribution processing
- Missing participant searches and deceased participant audit
- Communication of regulatory changes
- Preparing and providing data for other service providers
- Error reporting to City for resolution
- Tracking eligibility, service, vesting, and pay history
- Mailing enrollment/plan information materials (education guides, beneficiary election forms, SPDs, Summary Annual Reports)
- Fulfillment of participant requests for information
- Fulfilling City requests for information and assistance
- Address updates and other periodic data corrections
- Drafting, reviewing and revising employee communication materials
- Division of benefit calculations for QDRO's
- Maintenance of beneficiary designation
- Responding to auditor requests for information
- Procedural manual to be provided to City staff
- Routine, formal training for City staff

Plan Sponsor Access to Information

The City will have access to basic participant data and plan information through web. Website permissions will be set for all required users based upon their job functions. Website should have features to protect participant confidentiality.

Section A-4: Period of Engagement

The City is seeking proposals for actuarial services as described herein for the time period May 1, 2014 to April 30, 2017 and thereafter, subject to satisfactory completion of each year's work, for three additional years. Both the City and the actuary will have the right, under the terms of the proposed contract, to cancel the contract as of April 30 of any year on notice to the other party at least sixty days prior to that April 30.

Section A-5: City Contact

The City's Director of Finance would be designated as the principal contact person between the actuary and the City. Requests for actuarial services or specialized computations would be transmitted by the Director of Finance or his designee. Responsibility for the timely submission of census data to the actuary rests with the Director of Finance.

Others outside of the Department of Finance with whom the actuary may have occasional contact would include the Mayor, the Labor Negotiator, and the Director of Human Resources.

Section B – Format of Proposals

To enable the City to compare the proposals received, we ask that your proposal include the information specified below, in the sequence specified, with each section of your proposal numbered corresponding to the numbers of the items (1-19) below.

Section B-1: Profile of Proposer

1. Affirm that proposer is a firm properly licensed or otherwise permitted to provide independent consulting actuarial services in Connecticut.
2. Indicate whether your firm is local, regional, national, or international in the scope of its practice.
3. Indicate the address of your home office.
4. Indicate the major national and regional organizations of actuaries of which your firm or its principals are members.
5. Indicate whether your firm has been the subject of any professional disciplinary action (by the federal or a state government or by a professional association) and, if it has been, describe that disciplinary action.
6. Identify any municipal governments and public employee retirement systems that are comparable in size to the City of Danbury for which your firm currently provides independent consulting actuarial services of a type similar to that outlined in this request for proposals.
7. Describe your firm's professional development programs for, and any continuing professional education requirements imposed by your firm on, professional actuarial services personnel. Identify specialized programs offered within your firm in the area of governmental actuarial services.
8. Describe any periodical or occasional publications produced by your firm in the actuarial services area.
9. Identify the local office that would handle the City's engagement, including address and phone. Identify the partner or other individual in charge of that office. Indicate the total number of professional staff personnel currently assigned to that office. Describe how your firm's personnel assigned to the City's engagement would be available throughout the year for consultation or meetings as well as for the annual actuarial valuation.
10. Identify the larger actuarial services clients handled by that local office, including commercial and industrial companies, non-profit organizations, and governmental units (current or within the past five years). For governmental clients, please indicate how many years your firm has been their independent consulting actuaries.

11. Identify the partners, managers, specialists, or other professional staff persons from (a) that local office and (b) from any other offices of your firm who would be assigned to the City's actuarial services engagement. Describe their roles and provide a brief description of their professional experience, including their experience designations, licenses, and memberships that these individuals hold. Indicate the extent to which their governmental actuarial experience has been within the State of Connecticut. Indicate their participation in professional development programs in the governmental or non-governmental actuarial services area. If more convenient, a resume may be included in an appendix appropriately cross-referenced here.
12. Provide any additional information about your firm that you believe will assist the City in making its selection.

Section B-2: Proposed Approach

1. Describe in narrative form your proposed approach to this engagement including:
 - *Initial Work Plan*
 - Review
 - Data Transmission
 - Data Reconciliation
 - *Continuing Work Plan*
 - Asset, Liability, and Cost Information
 - Actuarial Reports
 - Timing
 - Quality Control
 - Labor Negotiations
 - Cost Estimates

Section B-3: Fees

1. Provide a fee quote for all required services.
2. Describe how you would charge for special projects, requests, reports or broadening the scope of services.
3. Provide any additional information about your firm's proposed charges.

Section B-4: Other Information

1. Please provide any other relevant information about your firm and capabilities that will assist the City in making a selection.
2. Give detailed information on the Consulting/Service Team.

Section B-5 References

Provide references for three (3) of your current municipal clients that are similar in size to the City of Danbury.

Notes

1. Direct any questions regarding this RFP in writing to Mr. Charles Volpe, Purchasing Agent, 203-796-1527 (fax) or c.volpe@ci.danbury.ct.us
2. The City of Danbury reserves the right to reject any or all proposals and to award the contract to the firm deemed to be in the best interest of the City.