



RFP 50-24-01 Actuarial Consulting Services **Questions & Answers**

1. Why has an RFP been issued to provide these services at this time?

SURS typically issues an RFP every five years for professional services. The last RFP was issued in 2019 resulting in a five-year contract that expires December 31, 2024.

2. What was the annual retainer fee paid for the actuarial services in 2023?

Total actuarial expenses for FY 2020 – FY 2024 have ranged between \$186,000- \$275,000 annually. We cannot disclose any information which would impact procurement or give an advantage to any person proposing to enter into a contractor agreement with the System until an award or final selection is made.

3. What were the total project-based fees paid in 2022 and 2023?

See response to question #2.

4. If not available online, may we receive a copy of the last actuarial, GASB, Experience Study, Disability Study reports, and Plan Choice and 415 testing tools?

The most recent actuarial valuation, GASB, and Experience Study reports are on the SURS website. <https://surs.org/business/investments/actuarial-valuation-reports/>

The most recent RSP Disability Study is attached here in Appendix A.

The 415-testing tool is considered proprietary property of the incumbent firm and cannot be shared. It is used internally by SURS to test benefits (recurring and lump sum) against the age-graded IRC Section 415(b) limits. SURS enters the needed input (depending on the specific situation), and the tool determines if the annuitant payments will fall under IRC Section 415(b).

For the Plan Choice Decision Tool, we are able to share select portions of the data provided by the incumbent firm. See Appendix B. Once a vendor is selected, SURS will discuss the specific needs for this tool in more detail. The information used for the tool is an actuarial comparison of retirement outcomes in our Traditional defined benefit plan, Portable defined benefit plan and the Retirement Savings Plan (defined contribution).

5. Has the Board set a budget for the current full-scope actuarial services being requested in its RFP? If so, what has it budgeted?

See response to question #2.

6. What is the anticipated timing of each deliverable, beginning in 2025 through the term of the contract?

See Appendix B.

7. Our firm requires a reasonable limit of liability and a hold harmless/indemnification provision in all of its services contracts. This sample/standard provision language would be included in our exceptions submission, so would this requirement prevent our proposal from being considered?

SURS maintains its long held legal opinion that the Illinois Pension Code does not allow SURS to provide contractual hold harmless/indemnification provisions to any vendors. If your internal policies require your company to obtain a hold harmless/indemnification provision in the awarded contract from SURS, your proposal should not be considered. Liability limits can be negotiated but only to the extent that any such limits adequately protect the System and reflect the degree of prudence and care required under the agreement.

8. The Illinois Pension Code defines a fiduciary in Sec. 1-101.2, since we would not provide any services that are covered under this section, please confirm the actuary would not be a named fiduciary to the System. We do agree, however, that we would act in accordance with the definition of a fiduciary, with respect to the System.

SURS would not expect the selected actuary to be a named fiduciary to the System. However, SURS would expect the selected vendor to provide the same level of prudence and care rendered by a fiduciary when providing professional work and actuarial opinions to SURS. SURS owes a fiduciary duty to the participants and beneficiaries of the System, and we must be able to rely upon the soundness of the actuarial opinions given by the selected vendor in meeting those fiduciary duties.

9. We were able to locate much of the actuarial work product on the website, but not all. Can you provide the latest examples of the following?
 - a. the latest experience study (this may be in process) and

The most recent Experience Study has now been added to the SURS website.

- b. sensitivity analysis (stress testing) regarding actuarial assumption factors?

The sensitivity analysis Stress Testing Scenarios are included in the June 30, 2023, actuarial valuation as Appendix J. This report is located on the SURS website. <https://surs.org/business/investments/actuarial-valuation-reports/>

10. The fee proposal says to include all elements of the work to be performed. To assist us in preparing a competitive fee proposal, can you provide the actuarial fees over the past 3 years broken down by each of the items listed in "Appendix C: Fee Proposal" of your RFP? If that cannot be completed, can you provide the total actuarial fees for each of the past 3 years?

See response to question #2.

11. Why are proposals for actuarial services being requested at this time?

See response to question #1.

12. Who is the incumbent actuary?

Gabriel, Roeder, Smith & Company (GRS)

a. How long has the current/incumbent actuary been providing services?

GRS has been providing services for SURS since 1996.

13. When was the last time the actuarial services were put out for bid?

See response to questions #1.

14. Is the current service provider eligible to bid for contract renewal consideration?

Yes

15. Can you provide the amount of the total level of effort (hours of work) and fees paid to the current consultant for the recent 2 years?

We do not track the number of hours incurred for services that have fallen outside of the fixed retainer. Additional hours are incurred as needed. See response to question #2 above regarding disclosure of hourly rates.

16. To assist us in gaining a clear understanding of the scope of work, can you provide the current actuary's most recent report(s)?

See response to question #4.

17. What is the expected date of release of data to actuaries?

Once a vendor is selected, the System will coordinate with them to establish a timeline that works best for all applicable deadlines. Retiree census data is typically released early July. Non-retiree census data is typically released early August. Preliminary asset information is typically released early August.

18. Are there any improvements that the SURS is seeking in its relationship with the current vendor?

No.

19. How many meetings per year will the actuary be required to attend?

The actuary typically attends at least three meetings per year. Additional meetings may be required but will be communicated with the actuary in advance.

20. Will actuaries be required to attend meetings virtually or in person?

In person.

21. On your website, we discovered a document titled "SURS Procurement and Staffing Inclusion Policy" dated 2021, which mentions that "SURS has set a goal of 20% for purchases from businesses owned by minorities, women, and persons with a disability as a share of all of its contracts and purchases". Does this policy apply to this RFP?

The 20% goal is not specific to individual contracts or purchases but applies to the overall annual spending of the System.

22. Can you please provide the total fees from each year over the past five years for the services requested?

See response to questions #2.

23. How long has the incumbent actuary been providing service to SURS?

See response to questions #12.

24. Are there any concerns with the incumbent actuary or their work product?

No.

25. How has SURS' board of trustees approached their fiduciary duties while navigating the current statutory funding requirements?

The SURS Board of Trustees is statutorily required to certify State contributions as provided under the Illinois Pension Code. In addition to satisfying its fiduciary duties in meeting this statutory requirement, the Board seeks to educate legislators and stakeholders as to the importance of actuarial sufficiency in any funding plan for the System to minimize the shifting of pension cost to future generations.

26. Can you please provide a few examples of the recent legislative cost studies that have been performed as a part of the requested services?

- Funding change proposals (Cost Impact of HB5851/SB3954)
- Tier 2 Social Security Replacement Plan Analysis
- Optional Hybrid Plan Study

27. Are the education sessions for SURS' board of trustees and staff a regular occurrence or only when new topics arise?

The education sessions are as needed and are required infrequently. For example, in fiscal year 2023 GRS was asked to attend one additional meeting outside of the regularly scheduled meetings to discuss the Tier II safe harbor limit issue.

28. Please provide the annual fixed fee for actuarial services for the past five years.

See response to questions #2.

29. Please provide total hours and hourly rates for the past five years for services that have fallen outside of the fixed retainer (as defined in Appendix C) for actuarial consulting Services.

See response to questions #2.

30. Are there any specific areas of the actuarial valuation and/or overall process that SURS would like the vendor to address in the proposal?

See Appendix G: Services Required - Valuation Services section for details. Should there be a change in actuarial consultants, the successful firm shall conduct a parallel valuation of the SURS June 30, 2024, valuation (which has yet to be completed).

31. Please provide a copy of the most recent Retirement Savings Plan disability study as well as the "actuarial comparison of retirement outcomes" referenced under Valuation Services if available.

See response to question #4.

32. Can you provide the most recent fees paid for the services indicated in Appendix C: Fee Proposal?

See response to questions #2.

33. Do the 3 similar-sized clients referenced in the Statement of Minimum Qualifications have to all be Public Sector clients?

We prefer that the references be Public Sector clients.

34. Our firm prefers to contract for actuarial services with a limit on liability for ordinary mistakes. However, we accept unlimited liability for: (i) willful, fraudulent or criminal misconduct, (ii) breach of the confidentiality provisions; and (iii) bodily injury, including death, or damage to tangible personal or real property incurred while performing the Services and to the extent caused by the negligent or willful acts or omissions of our personnel. Please confirm that SURS is willing to negotiate a prudent amount of potential payment that is acceptable to both parties, with exceptions noted.

Liability limits can be negotiated but only to the extent that any such limits adequately protect the System and reflect the degree of prudence and care owed to it.