

Retirement Plan Services RFP Vendor Questions & Answers

1. Why are the actuarial services being bid at this time?

A1: This RFP is being conducted as part of NDPERS' required procurement cycle.

2. What were the fixed fees charged for the actuarial services being bid for each of the last two years?

A2: All fees were as follows:
Retirement Actuarial Valuation: \$77,000
RHIC Actuarial Valuation: \$14,400
GASB 67/68: \$46,000
GASB 74/75: \$8,750
Consulting: \$370/hour
Legislative: \$350/hour
Deferred Comp & Defined Contribution Consulting: \$550/hour
FlexComp Consulting: \$550/hour

3. What was the flat rate fee charged for general consulting, legislative work, and defined contribution/deferred comp consulting for each of the last two years?

A3: Please see question #2.

4. Were there any special projects or analysis required over the last two years that impacted the fees? If so, please briefly identify and provide the fees for these projects.

A4: Our Board reduced the long term rate of return assumption, which required new projections and actuarial factor updates. The total paid for those two projects was \$39,300.

HB 1040 required a specific calculation for members to transfer from the DB plan to a Defined Contribution model. The cost for those updates was \$9,000.

5. How much in total has been paid to the incumbent the last two years?

A5: Fiscal Year 2023: \$338,587.50
Fiscal Year 2022: \$189,942.50

6. Our firm prefers to contract for actuarial services with a limit on liability for ordinary mistakes or errors (i.e., negligence). However, we can accept unlimited liability for direct damages for (i) willful, fraudulent, or criminal misconduct; (ii) 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; or (iii) the infringement of the proprietary rights of a third party by use of the deliverables provided. Please confirm that NDPERS is willing to negotiate a mutually agreeable liability cap to cover the services being bid.

A6: NDPERS expects to award a contract contingent on successful contract negotiations.

7. Will NDPERS accept a proposal which is limited to issues of compliance with federal tax law and administration under Sections 3.A.5 and 3.A.6 of the RFP?

A7: NDPERS retains an independent consultant for federal tax law. The Service in the RFP will primarily focus on Actuarial Services & Retirement Consulting outside of IRS compliance.

8. Please clarify the October (10th or 15th) deadline for NDPERS valuations.

- a. On page 12 of the Request for Proposal (RFP), in Section 3.A.1., it states that valuations must be completed within 30 days of receiving the financial and census data, but no later than October 10.
- b. On page 13 of the RFP, in Section 3.A.3., it states that all valuations must be delivered no later than October 15. (GASB valuations must be completed by December 20.)

A8: NDPERS will work with the successful vendor on the appropriate date each year, factoring in holidays and/or weekends that may extend a deadline.

9. Section 6, Item 19 of the Request for Proposals indicates that Section 10 – Offer (Agreements) must be signed by a partner or principal of the firm and included with the proposal. We have some requested modifications to the terms and conditions that we would like to discuss with NDPERS; such discussion would naturally need to precede our being able to sign a final agreement. Would it be possible for that discussion to take place prior to the submission of proposals on February 14, in which case we would be able to attach a signed agreement to our submission, or alternatively would it suffice to include our requested modifications with our proposal but not sign the final agreement until after we have reached mutually agreeable terms? For your reference, our requested modifications are attached as a redlined document. We would be happy to discuss the thinking behind the requested modifications, and we are confident that we will be able to arrive at language that both parties will find acceptable.

A9: NDPERS expects to award a contract contingent on successful contract negotiations. Red-lined agreements may be submitted with your proposal, however, no contractual discussions will take place until the Board selects a vendor.

10. Section 3 – A. Retirement Plans - Please confirm whether item A.1. in the scope of services requires our proposal to be based on valuing the three different groups within NDPERS (main, judges, and public safety) separately, but with these results provided in one combined valuation report or if these results need to be provided than separate actuarial valuation reports.

A10: One combined valuation report.

11. Section 10 – 2. Term - The RFP indicates that the base contract is for a two-year period of July 1, 2024 through June 30, 2026. Is it anticipated that the first annual valuations completed under a contract resulting from the RFP will be July 1, 2024?

A11: Correct.

12. General Question (relates to replication valuation of the last valuation performed by the prior actuary to be completed before performing the services outlined in the scope of services) - If an actuary other than the incumbent is selected, when do you anticipate that the census and financial data related to last valuation completed by the prior actuary, which we understand is anticipated to be July 1, 2023, will be provided in order for us to begin work replicating the 2023 valuation? When do you anticipate a contract resulting from this RFP to be in place to permit beginning on this replication work?

A12: NDPERS anticipates awarding the contract in March/April, and a contract to be finalized in May. The replication can start July 1, 2024, when the new contract takes effect. There should be 3-4 weeks to work on the replication before the 2024 valuation begins.

13. Section 3 – A.2. GASB 6-68 and 74-75 Calculations - Are the reports related to the 2023 GASB Nos. 67 and 68 and GASB Nos. 73 and 75 available? If so, please provide copies of these as the most recent we were able to locate was for July 1, 2022. If these reports are not yet available, when do you anticipate they will be available? For purposes of developing our proposal, approximately when are these reports expected to be provided, both in draft and final forms?

A13: The 2022 reports on our website are the latest available reports. 2023 reports should be available in the coming weeks. Draft reports are typically available from the actuary by the end of the calendar year, but nothing is published until our auditors have confirmed the accuracy of the reports.

*NDPERS GASB Reports Link: [Governmental Accounting Standards Board Information \(GASB\) | NDPERS](#)

14. Section 3 – A.1. Actuarial Valuation - If the census data is provided later than August 15, the financial data later than September 30, or there are significant data

questions and revisions, would these be considered as possible grounds for the Board to waive the penalty based on delivery dates? Please provide information on when, if ever, out of the last five years that either the 10% or 20% reduction in fixed fees has been enacted.

A14: NDPERS has never enacted a fee reduction. The timeline and expectations are provided in Question 26.

15. Section 3 – D. Update of Actuarial Tables - The provided links for item D. Update of Actuarial Tables,

<https://www.ndpers.nd.gov/sites/www/files/documents/about/rfp-bid-opportunities/rfp-uniform-group-insurance-attachmenta-a-template.xlsx> and

<https://www.ndpers.nd.gov/sites/www/files/documents/about/rfp-bid-opportunities/rfp-uniform-group-insurance-attachment-b-example-existing-factors.xlsx>, point to "page not found." Please provide copies of this information as well as confirmation that these are typically provided by the actuary to the NDPERS in Excel format.

A15: Active links have been updated and renamed, [Attachment A - Template](#) and [Attachment B - Example of Existing Factors](#), and can also be found on page 19 of the RFP.

16. Section 3 – D. Update of Actuarial Tables - When were the actuarial tables last updated for NDPERS?

A16: Actuarial tables were updated with the long term rate of reduction that was effective on January 1, 2023. An experience study will be conducted in 2025, and new tables provided with that study, if applicable.

17. Section 3 – A.8. Experience Study - It is our understanding that the experience studies are performed for these systems every five years reflecting Section 54-2-04.4 of the Century Code, with the last study completed in 2020 based on experience covering the period July 1, 2014 through July 1, 2019 with the assumptions adopted based on this experience study first effective with the July 1, 2020 valuations. Please confirm or clarify this understanding and provide a copy of the experience study report, if a report was prepared in addition to the Board presentation of the experience study.

A17: A new experience study will be effective with the July 1, 2025 valuation, and will cover the timeframe from July 1, 2019 through July 1, 2024.

*The 2019 report is included for your review.

2019 Experience Study Link: [2019 Experience Study](#)

18. Section 3 – D. Update of Actuarial Tables - The scope of services does not include any information about a heat map for the update of the actuarial factors in item D.

Please provide information on the specific services being requested in regards to the heat map as well as provide a copy of this heat map provided with the most recent updating of these factors, if available.

A18: The heat map is created so NDPERS knows how many, and what population, of our membership is impacted by any given change.

* 2023 Heat Charts Combined Link: [2023 Heat Charts](#)

19. Section 5 – Fixed Fee/Fee for Service - For Section 5 of the proposal, should we provide the fees divided between 2024 and 2025 based on fiscal years or calendar years?

A19: Fiscal years.

20. Section 5 – Fee for Service - Please confirm that the scope of services items to be included within the Retirement Fixed Fee in section 5 are items A.1. Actuarial Valuation, part of A.2. GASB 67-68 and 74-75 Calculations, A.3. Product Delivery, and A.4. Gain/Loss Experience Analysis. If this is incorrect, please clarify.

A20: Please see Question #2 for the current breakdown and categories of fees.

21. Section 5 – Fixed Fee - Similarly, please confirm that the scope of services items to be reflected within the Retiree Health Insurance Credit Fixed Fee items in section 5 are items C.1. Actuarial Services and the remainder of A.2. GASB 67-68 and 74-75 Calculations or clarify what should be reflected in this fixed fee if this is incorrect.

A21: Please see Question #2 for the current breakdown and categories of fees.

22. Section 5 – Fixed Fee - The RFP requests the cost proposal include amounts for item A.8. for both 2024 and 2025. This study is anticipated to be based on experience covering the period July 1, 2019 through July 1, 2024. Please provide information on when within the period of 2024 following the completion of the July 1, 2024 valuations, which we understand to be mid-October of 2024, and 2025 that this work is expected to be completed, including which Board meeting is anticipated for the presentation of the experience study and adoption of updated assumptions to facilitate our division of this fee into the two years.

A22: We anticipate delivering the experience study results at the April 2025 Board meeting, to incorporate into the July 2025 valuation.

23. Section 5 – Fixed Fee - Please confirm that the values for the Experience Study Fixed Fee in section 5 should reflect experience studies for both the retirement plans and RHIC or if we should provide separate fees for this division.

A23: Experience studies are needed on both plans. Please submit fixed fees for each project so we can do a proper comparative analysis amongst the bidders.

24. Section 5 – Fee for Service - For the hourly fees for services related to general consulting, Legislative Work, and Defined Contribution/Deferred Comp consulting on page 26 of the RFP, would it be permitted to provide hourly rates that vary by employee category, such as senior consultant, analyst, and administrative support, rather than a single blended hourly rate? Providing these rates specific to job titles, rather than blended, would allow for the actual utilization of different staff levels for specific projects to be reflected in the charges.

A24: Please submit one flat fee so we can do a proper comparative analysis amongst the bidders. Please note, no fees have been paid to GRS for DC or Flex consulting during our contracting period.

25. Section 3 – A.2. - There are two practices typically followed by PERS relating to employer-specific amounts for GAB 67-68 and 74-75 calculations. The first approach is that the actuary provides only the collective amount for each plan in total and then the system, or their auditor, develops the applicable values and schedules for the individual employers. The second approach has the actuary providing full information for each plan in total as well as also the schedules and calculations for each individual employer. Please confirm which of these approaches we should base our proposal upon.

A25: The actuary provides full detailed information (including historical schedules) for each plan in total as well as annual applicable individual employer calculations.

26. Section 3 – A. Retirement Plans - If available, please provide the timeline of important dates from the most recent valuation work plan. If such is not available, please provide information related to:

- a. How long after data questions are received from the actuary until the system response to the data questions are provided to the actuary?
- b. The approximate dates when both draft reports are submitted for each system or confirmation that only final reports are submitted and these are by the dates provided in the RFP.
- c. In recent years whether the October meeting has been the only one at which the actuary has presented information related to the annual actuarial reports.
- d. When presentation materials must be received by the System for inclusion in Board books relative to the meeting date.

A26: The 2023 deadlines were as follows:

**WORK PLAN FOR THE NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT
SYSTEM ACTUARIAL VALUATIONS AS OF JULY 1, 2023**

TASK DESCRIPTION		RESPONSIBILITY		DUE DATE
		GRS	NDPERS	
VALUATION PLANNING	1.0 Planning			
	a.) Formalize work plan and due dates	X	X	07/14/2023
	b.) Confirm plan and assumption changes	X	X	07/28/2023
DATA	2.0 Census Data			
	a.) Receipt of census data from client		X	07/28/2023
	b.) Data check, load data and email results to client	X		08/11/2023
	c.) Data questions to client	X		08/11/2023
	d.) Data answers received from client		X	08/18/2023
	e.) Load data answers and finalize data	X		08/21/2023
	f.) Send final census data to auditors and NDPERS	X		11/03/2023
	3.0 Financial Data			
	a.) Receipt of draft financial statements from client		X	09/08/2023
	b.) Assets entered and reviewed	X		09/15/2023
FUNDING REPORT AND PROJECTIONS	4.0 Funding Reports Deliverable Schedule*			
	a.) Powerpoint presentation to client	X		10/06/2023
	b.) Draft Job Service report to client	X		10/10/2023
	c.) Draft Highway Patrolmen's report to client	X		10/13/2023
	d.) Draft RHIC report to client	X		10/18/2023
	e.) Draft PERS report to client	X		10/20/2023
	f.) Final reports to client	X		TBD
	5.0 Funding Projections			
	a.) Main System Projections	X		10/13/2023
	b.) Highway Patrol Projections	X		10/13/2023
	c.) Projections for other plans as needed	X		10/13/2023
	6.0 ACFR Letters			
	a.) ACFR Letters for Highway Patrol, Job Service, PERS, and RHIC	X		12/01/2023
GASB 67/68 AND 74/75 REPORTS	7.0 GASB 67/68 and GASB 74/75 Deliverable Schedule			
	a.) Second draft of Highway Patrolmen's report including GASB 68 to client	X		11/10/2023
	b.) Second draft of Job Service report including GASB 68 to client	X		11/10/2023
	c.) Draft PERS GASB 67/68 report to client	X		12/08/2023
	d.) Draft RHIC 74/75 report to client	X		12/15/2023
	e.) Final reports to client	X		TBD
BOARD MEETINGS	8.0 Board Meetings			
	a.) July Board Meeting		X	07/11/2023
	b.) October Board Meeting	X	X	10/24/2023
	c.) Legislative Employees Benefit Committee Meeting	X	X	10/25/2023
	d.) November Board Meeting		X	11/14/2023
	e.) December Board Meeting		X	12/12/2023

*All funding reports will include GASB 67 information (GASB 74 for RHIC). Second drafts of the funding reports for Highway Patrolmen's and Job Service will include GASB 68 information.

Separate PERS GASB 67/68 and RHIC GASB 74/75 reports will be issued with a measurement date of July 1, 2023 for fiscal year ending June 30, 2023.