

Pennsylvania Municipal Retirement System

Request to Provide Actuarial Services

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TECHNICAL PROPOSAL

I-25 Requirements

I-25. Requirements

A. General Requirements

Contractors must submit their proposals in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP and a PMRB-30 “Disclosures” form must accompany the proposal. Contractors should provide any other information thought to be relevant, but not applicable to the enumerated categories, as an appendix to the Proposal. All cost data relating to this proposal and all Disadvantaged Business cost data should be kept separate from and not included in the Technical Submittal. Each Proposal shall consist of the following items:

- a. Technical Submittal
- b. Cost Submittal
- c. PMRB-30 “Disclosures” Form
- d. List of the Appendices on the table of contents

The Issuing Office reserves the right to request additional information which, in the Issuing Office’s opinion, is necessary to assure that the Contractor’s competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the RFP.

The Issuing Office may make investigations as deemed necessary to determine the ability of the Contractor to perform the Project, and the Contractor shall furnish to the Issuing Office all requested information and data. The Issuing Office reserves the right to reject any proposal if the evidence submitted by, or investigation of, such Contractor fails to satisfy the Issuing Office that such Contractor is properly qualified to carry out the obligations of the RFP and to complete the Project as specified.

Contractor Response:

B. Emergency Preparedness.

To support continuity of operations during an emergency, including a pandemic, the Commonwealth needs a strategy for maintaining operations for an extended period of time. One part of this strategy is to ensure that essential contracts that provide critical business services to the Commonwealth have planned for such an emergency and put contingencies in place to provide needed goods and services.

Contractor Response:

1. Describe how you anticipate such a crisis will impact your operations.

2. Describe your emergency response continuity of operations plan. Please attach a copy of your plan, or at a minimum, summarize how your plan addresses the following aspects of pandemic preparedness:
 - a. Employee training (describe your organization's training plan, and how frequently your plan will be shared with employees)
 - b. Identified essential business functions and key employees (within your organization) necessary to carry them out
 - c. Contingency plans for:
 - i. How your organization will handle staffing issues when a portion of key employees are incapacitated due to illness.
 - ii. How employees in your organization will carry out the essential functions if contagion control measures prevent them from coming to the primary workplace.
 - d. How your organization will communicate with staff and suppliers when primary communications systems are overloaded or otherwise fail, including key contacts, chain of communications (including suppliers), etc.
 - e. How and when your emergency plan will be tested, and if the plan will be tested by a third-party.

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C. Disaster Recovery. (if applicable).

Contractor Response:

TECHNICAL PROPOSAL

I-26 Statement of Project

I-26. Statement of the Project

State in succinct terms your understanding of the project presented or the service required by this RFP.

Contractor Response:

Services Required

The Pennsylvania Municipal Retirement System (PMRS) in its service to municipal pension plans of the Commonwealth of Pennsylvania engages the professional actuarial consulting services and advice in the determination of the minimum municipal obligation and other actuarial services under Act 205 along with and other accounting valuation services including the separate composite reporting under GASB 67 and for each municipality under GASB 68. The Board is seeking to contract for professional actuarial consulting services and advice to fulfill its duties with respect to the member plans of PMRS in accordance with the PMRS' governing law, the Pennsylvania Municipal Retirement Law (PMRL), Act of 1974, P.L. 34, No. 15, 53 P.S. §881.101 et seq. as amended, and Pennsylvania Law, Act of 1984, P.L. 1005, No. 205, as amended (Act 205 of 1984).

The services are to begin effective from (Start Date) through (End Date). Services to be provided include:

- **General actuarial consulting to the Board and the PMRS staff**
- **Annual preparation of a composite actuarial valuation report on the PMRS**
- **Provide PMRS with a copy of all finalized actuarial demographic and financial data in a mutually agreed upon format.**
 - **Submit and certify all finalized Act 205 actuarial demographic and financial data to the Auditor General.**
- **Annual preparation of GASB 68 Reports**
- **Actuarial valuations (biennial) for each defined benefit plan**

As a final check during every biennial valuation we go back and compare our cost studies against the valuation results to demonstrate the reasonable accuracy of the studies.

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- **Five-year actuarial experience study**
- **Notify PMRS staff of actuarial tables changes so that PMRS systems can be configured correctly.**

Other related special projects as determined by Board/PMRS on an as needed basis

Services Preferred, but not required:

- **Cost study valuations (as requested) for possible plan entries into PMRS or possible changes to existing plan benefits**

TECHNICAL PROPOSAL

I-27 Qualifications

I-27. Qualifications.

A. Company Overview.

Contractor Response:

B. Prior Experience.

For the firm as a whole, identify experience providing actuarial consulting services to public pension funds including the most recent valuations, studies or projects completed. Indicate the experience of the individuals to be assigned the project team with other public retirement systems. Highlight any involvement with a multiple employer-PERS (specify if asset or cost sharing). Identify knowledge or experience with Pennsylvania Law, Act of 1984, P.L. 1005, No. 205, as amended (Act 205 of 1984). Provide at least three (3) references from public retirement systems (or other large, complex retirement plans) served by the firm. For each reference, provide a brief summary of the types(s) of work performed and identify the role(s) played by the key individuals in the work for that client. For each reference, indicate the name, address, and telephone number of a responsible official who could be contacted. (In the event the key individuals did not work on one or more of the above-referenced clients, please provide additional references regarding clients of the key individuals.) Include a copy of a public pension plan's actuarial report to a previous or existing client of your firm. If none is available, indicate why. Also include a Sample Cost study evaluation, sample Actuarial Evaluation Report, and the sample Experience Study. All samples should be redacted as needed.

Contractor Response:

C. Personnel.

Include the number of executive and professional personnel, analysts, auditors, researchers, programmers, consultants, etc., who will be engaged in the work. Show where these personnel will be physically located during the time they are engaged in the Project. For key personnel, include the employee's name and, through a resume or similar document, the employee's education, and experience in actuarial consulting. Indicate the responsibilities each individual will have in this Project and how long each

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has been with your company. Identify by name any subcontractors you intend to use and the services they will perform.

Resumes are not to include personal information that will, or will be likely to, require redaction prior to release of the proposal under the Right to Know Law. This includes home addresses and phone numbers, Social Security Numbers, Drivers' License numbers or numbers from state ID cards issued in lieu of a Drivers' License, financial account numbers, etc. If the Commonwealth requires any of this information for security verification or other purposes, the information will be requested separately and as necessary.

Contractor Response:

D. Subcontractors:

Provide a subcontracting plan for all subcontractors, including small diverse business and small business subcontractors, who will be assigned to the Project. The selected Contractor is prohibited from subcontracting or outsourcing any part of this Project without the express written approval from the Commonwealth. Upon award of the purchase order resulting from this RFP, subcontractors included in the quote submission are deemed approved. For each position included in your subcontracting plan provide:

1. Name of subcontractor;
2. Address of subcontractor;
3. Number of years worked with the subcontractor;
4. Number of employees by job category to work on this project;
5. Description of services to be performed;
6. What percentage of time the staff will be dedicated to this project;
7. Geographical location of staff; and
8. Resumes (if appropriate and available).

The Contractor's subcontractor information shall include (through a resume or a similar document) the employees' names, education and experience in the services outlined in this RFP. Information provided shall also indicate the responsibilities each individual will have in this Project and how long each has been with subcontractor's company.

Contractor Response:

TECHNICAL PROPOSAL

I-28 Training

I-28. Training.

If appropriate, indicate recommended training of agency personnel. Include the agency personnel to be trained, the number to be trained, duration of the program, place of training, curricula, training materials to be used, number and frequency of sessions, and number and level of instructors.

Contractor Response:

TECHNICAL PROPOSAL

I-29 Financial Capability

I-29. Financial Capability.

Describe your company's financial stability and economic capability to perform the contract requirements. Provide your company's financial statements (audited, if available) for the past three fiscal years. Financial statements must include the company's Balance Sheet and Income Statement or Profit/Loss Statements. Also include a Dun & Bradstreet comprehensive report, if available. If your company is a publicly traded company, please provide a link to your financial records on your company website in lieu of providing hardcopies. The Commonwealth reserves the right to request additional information it deems necessary to evaluate a Contractor's financial capability.

Contractor Response:

TECHNICAL PROPOSAL

I-30 Work Plan

I-30. Work Plan.

Describe in narrative form your technical plan for accomplishing the work using the task descriptions as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of person hours allocated to each task. Include a Program Evaluation and Review Technique (PERT) or similar type display, time related, showing each event. If more than one approach is apparent, comment on why you chose this approach.

Contractor Response:

- A. Within the first three (3) months of entering into a contract with the PMRB, prepare to receive and manipulate electronic data on the existing PMRS member plans. Specific data to be shared by PMRS with the Offeror includes individual plan benefit descriptions, active, vested and retired member demographic and financial data, and expected reporting formats. The Offeror should describe the process envisioned for accepting this material and identify preferred reporting formats.

- A. Annually prepare a composite actuarial valuation report on the PMRS as a system-wide entity. This valuation will include valuing PMRS's liabilities and determining the excess investment monies available for allocation to municipal members. The successful Offeror will be required to perform PMRS's annual valuations for January 1, 2027, 2028, 2029, 2030, and 2031. As of January 1, 2026, PMRS is expected to have 721 defined benefit plans and 346 cash balance plans. Based upon recent trends the staff estimates these numbers to grow at approximately a one percent (1%) rate over the life of the contract.

- B. Develop a process and appropriate forms for the timely transfer of data to perform actuarial cost studies on potential municipal plan members or for modifications to existing municipalities' plan benefits. The Offeror will be required to complete such studies on an as requested basis within thirty business days of receipt. The results will be prepared for each plan option in accordance with Act 205 of 1984 funding requirements. During calendar year 2025, PMRS requested cost studies for approximately one hundred fifteen (115) existing plans with different plan modifications, and twenty (20) potential new plans with different plan designs to be evaluated. Based

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upon recent trends, the staff estimates these numbers to grow at a two percent (2%) rate each year of the contract.

- C. Meet with the PMRB and staff approximately seven (7) times during each twelve-month period. One of the PMRB's meetings is anticipated to be a two-day function. The anticipated meetings would include presentations on PMRS's annual valuation, the determination of the excess interest award (if any is granted), the certification of the biennial municipal billing rates, staff training, and such other topics as are deemed important and appropriate by either the PMRB or the successful Offeror.
- D. The Offeror will be required to annually (by June 30, of each year) prepare a formal report on the proportion of the Investment Reserve to be awarded as excess interest as defined in the PMRL. This will also include an annual analysis of the Retiree Reserve Funding level.
- E. The Offeror will also be required to build upon the work of the current actuary so as to be able to provide the PMRB with an ongoing actuarial experience history of PMRS and its Retired Member, Disability, and Investment Reserves.

The culmination of this effort is a system-wide 5 year experience study to be delivered by June 30, 2030 to the PMRB with recommendations for changes in assumptions and/or operations. The experience study is to cover the five-year period January 1, 2024 through December 31, 2028 utilizing data from the annual system-wide actuarial valuations performed between January 1, 2024 and January 1, 2028.

- F. Cooperate with PMRS' staff and the PMRS' contractual auditing firm to insure proper and timely submission of actuarial and demographic material to be published in PMRS's Annual Comprehensive Financial Report (ACFR). Previous reports have received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. A commitment of cooperation for the future development of this report is a critical aspect of service expected from the successful Offeror. Failure of the Offeror to provide actuarial certification information needed, as described by PMRS, for development of CAFR by March 31 of the year following the valuation date will result in a reduced payment of \$500.00 per business day delinquent and the possible termination of the contract. Waiver of the penalty may occur only with approval of the PMRB, in its sole discretion.
- G. Prepare on an annual basis GASB 68 Reports and information necessary for PMRS to provide each municipal plan's sponsor to comply with Generally Accepted Actuarial Procedures and GASB Statement 68. Reports must be provided by December 31 based upon the previous year's January 1 valuation.

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1. For each Participating Plan's GASB Statement 68 report, include the following supplementary information:
 - a. Graphs of historical Total Pension Liabilities, Actuarial Value of Assets and Market Value of Assets from 20115 for a maximum of a ten-year period and funded ratios based on each asset measure for each year provided on the graph,
 - b. Pension Expense calculated under two methods (Individual Expense Components and the Change in the Net Pension Liability, Deferred Inflows/Outflows, and Employer Contributions),
 - c. Detailed Deferred Inflow/Outflow reconciliation by each component from the prior year to the current year,
 - d. Detailed reconciliation of the Fiduciary Net Position by each Reserve account (Member/Municipal Reserve, DROP Reserve, Allocated Retiree Reserve, Disability Reserve and Undistributed Earnings),
 - e. Cash Balance Plan Provisions.

H. Prepare and timely submit data necessary to complete and submit to the PA Auditor General each individual plan's required Act 205 Report (January 1, 2023, January 1 2025, and January 1, 2027) and the Act 293 Reports (January 1, 2024, and January 1, 2026). All data must be submitted by February 1 of the year following the January 1 valuation.

For each individual plan, develop Schedule of Changes in Fiduciary Net Position based on financial information provided by PMRS, including

- a. Allocation to each plan of the following:
 - i. Retired Member Reserve based on updated retiree liabilities reflecting changes due to new Retiree Reserve transfers
 - ii. Disability Reserve
 - iii. Undistributed Earnings
 - iv. Regular Interest credited to the Retiree and Disability Reserves,
 - v. Investment Earnings net of Regular Interest,
 - vi. Administrative Expenses in excess of PMRL Administrative Expense,
- b. For each individual plan, compare Retiree Reserve transfers to new retiree liabilities,
- c. Review of inter-plan transfers to ensure reconciliation,
- d. Compare Cash Balance Employer Contribution to the Plan Provisions to ensure consistency,
- e. For each individual plan, reconcile the Fiduciary Net Position by Reserve account,

For each individual plan and in aggregate, reconcile differences between Schedule of Changes in Fiduciary Net Position published in ACFR to ensure consistency

I. The Offeror will prepare and certify, via methods specified by the PA Auditor General, the actuarial section of the reports and prepare the demographic and actuarial exhibits. The Offeror must have assigned to PMRS a staff actuary that meets the qualifications of actuaries authorized to prepare and sign Act 205 Reports. The successful Offeror will also be required to work with the existing PMRS actuary and be responsible for the actuarial experience history identified and established by Act 205 of 1984.

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Act 205: Auditor General website:

- Act 205 E-Filing User Guide – Form Type C-Actuaries

Act 205 E-Filing User Guide
Form Type C- Actuaries

Municipal Pension Reporting Program
MPRP

16. Certification *(This step replaces Section VI. C on page 6 and Section VII on page 7 of the paper form).*

Once you have reviewed the form for accuracy, you can complete the Certification section. Begin by 1) checking the box to certify and 2) filling out your name and firm name. You can then 3) click 'Notify' to send the form to the municipality for review. An email will be sent to the municipality informing them that the actuary has completed the form and it is ready for review.

CERTIFICATION

Please review the information you have provided for UPPER ST CLAIR TWP below. If necessary, you may need to go back to a previous step by clicking the appropriate step above. When you are satisfied with the information provided, enter your name, ID, check the certification box to the left, and then click the "Submit" button below. Your filing is complete when you see your Submission Details.

Actuary/3rd Party Admin Signature:

1

2

3

☐ By checking this box and typing my name in the text box, I hereby certify that I have prepared and reviewed the actuarial data and information entered on this form and that the data and information provided is to the best of my knowledge true and accurate.

Name:

Firm Name:

[Back](#) [Save](#) [Save & Exit](#) [Notify UPPER ST CLAIR TWP](#) [Add/View E-File Notes \(0 Notes\)](#)

A box will appear after clicking Notify stating that the "Form was submitted successfully and the municipality has been notified via email."

- I. Provide assistance in the review of rules and regulations prepared by PMRS for the administration of PMRS and/or the laws and regulations that are applicable to PMRS (e.g. the PMRL, Act 205 of 1984 and applicable federal statutes) in the administration of such pension plan.
- J. Review and provide analysis of the actuarial assumptions adopted by the PMRB and suggest changes, improvements, enhancements and/or refinements as deemed appropriate. Consistent with this responsibility, the Offeror must provide interest factor tables and charts, actuarial tables and similar documents and forms to assist PMRS's staff in the calculating of various annuity and lump sum payments, Social Security benefit offsets, fund transfers and other related calculations. In lieu of such tables, the actuary will review and audit software used by PMRS to perform such calculations and certify to the accuracy of the process results.
- K. Either the primary contact or the secondary contact will be expected to be available by telephone and/or through written communications so as to address policy analysis or the actuarial information needs of the staff within a thirty-six (36) hour time period.
- L. The PMRB anticipates that "special" actuarial projects considered non-routine and not described here-to-fore may arise during the course of the agreement between the PMRB and the successful Offeror. To accommodate those projects the PMRB requires the Offeror to submit an hourly rate that would be charged by the Offeror

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should such projects arise. Before any charges can be incurred for such projects the PMRB and the Offeror shall agree in writing to the scope, hours to be charged, and deliverables associated with the project.

- M. Provide system-wide pension projections of the pension liabilities and assets under a variety of scenarios. Such projections should be available to be modeled live for the PMRB, as requested, and included in the actuarial valuation report.**
- N. Provide Disability Term Cost rates for each Participating Plan.**
- O. Provide annual review of Regular Interest Rate for reasonableness of assumption. Review includes analysis of the composite rate reflecting current market rates and the retiree/non-retiree actuarial liabilities.**
- P. Provide an actuarial modeling tool, capable of running actuarial projections of Plan liabilities, assets and required contributions, allowing multiple scenarios, and conducting a plan benefit enhancement modeling. The modeling tool should be web-based and available to PMRS staff and plan sponsors.**

TECHNICAL PROPOSAL

I-31 Reports and Project Control

I-31. Reports and Project Control

- A. Status Report.** An annual progress report covering activities, problems, and recommendations. This report should be keyed to the work plan the Contractor developed in its quote, as amended, or approved by the Issuing Office.

Contractor Response:

- B. Problem Identification Report.** An “as required” report, identifying problem areas. The report should describe the problem and its impact on the overall project and on each affected task. It should list possible courses of action with advantages and disadvantages of each and include Contractor recommendations with supporting rationale.

Contractor Response:

- C. Final Report.** There shall be no Final report under this contract; however, the project does require submittal of five annual actuarial valuation reports, approximately 1,060 GASB 68 Reports annually, and one five-year experience study. In all cases, the Offeror must submit a draft copy of the reports to permit the Issuing Office to satisfy itself as to the report’s completeness and factual accuracy. The Issuing Office is flexible in the design of the report but all data found in the most recent Actuarial Valuation must be found in the reports prepared under this contract. The same is true of the Five-Year Experience study to be prepared under this contract. It must contain all of the data elements found in the System’s most recent Experience Study.

Contractor Response: