



RFP for Actuarial Services Checklist

Government Finance Officers Association

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This document is a checklist for developing a request for proposals for actuarial services. Items in the first section are to be provided by the requesting government. Items in the second section are to be requested from the bidding firm. See the GFOA's best practice on *Actuarial Procurement* for more information.

GFOA Committee on Retirement and Benefits Administration
GFOA Committee on Accounting, Auditing, and Financial Reporting
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I.

Information to be provided by the requesting government.

1) Introduction

- A brief description of the bidding government, number of employees, population served, budget, and any other pertinent information.
- A summary of the bidding process, evaluation criteria, and contact information.

2) Plan Description

- A complete list of the benefits to be included, (e.g., pensions, disability, life insurance, OPEB, and health care) and a description of any recent changes in benefits.
- A description of the plan, including the type of plan (i.e., single employer, agent, or cost-sharing), composition of plan assets, and provisions of the plan trust.
- Information regarding the demographics of active plan members and beneficiaries, including the number of members and their age and service characteristics.
- Copies of current documentation, including plan provisions, relevant state and local laws, union contracts, and employee manuals.

3) Scope of Services

- The core actuarial services to be provided (e.g., actuarial valuation, actuarial gain/loss analysis, cost analysis for plan changes).
- The optional services to be performed (e.g., plan design studies, cash-flow projections, risk analysis, asset/liability studies, benefit calculations, 415 calculations).
- Desired completion dates. If the government has key due dates, these should be specified.
- Whether the actuary will be required to make formal presentations to the governing body.
- The period of the contract (e.g., annual, three-year, five-year) along with possible extensions and rules related to rebidding the contract.
- The process for reviewing the actuary's provision of services.

II.

Information to be requested from the bidding firm.

1) Information about the Firm

- Contact information for the firm (i.e., contact name, office address, phone, fax, e-mail, and website).
- General information about the firm (i.e., the firm's background, number of employees, number of credentialed actuaries, other business services, ownership structure – including any business partners – and recent or expected changes in ownership structure).
- Information about the supervising actuary and of other actuaries or personnel assigned to the work, including their related roles in carrying out the work. This should include brief resumes of key personnel describing their professional qualifications and experience in conducting similar work.
- Information about the firm's experience in providing actuarial consulting services, with specific emphasis on services for state and local governmental entities and plans. This information should include a list of governmental entities and plans for which the firm has provided services similar to those specified in the scope of services.
- Information about the methods the firm uses to ensure quality service, including the procedures used to check the results of the calculations.
- A description of the hardware and software used to carry out the calculations.
- References to clients for which the firm and supervisory actuary have done similar work.
- A list of clients lost in the last five years.
- An affirmative statement that the firm is independent of the governmental entity or plan, and that it is unaware of any potential conflicts of interest if it were selected to perform the work.
- A description of any limits on liability that the firm requests from its clients.
- An affirmative statement that the firm maintains errors and omissions insurance that provides a prudent amount of coverage for negligent acts or omission and that the coverage is applicable to the work requested.
- A description of any current or pending legal actions against the firm.
- A description of how the firm stays current with changes to applicable regulatory requirements, including accounting rules, Internal Revenue Code rules and regulations, and Actuarial Standards of Practice.
- A description of pro bono work the firm has done for the public sector over the last three years.
- A sample contract that the firm would require if it were successful in winning the work.

2) Information about the Work Process

- A description of the overall approach to be used for the work, including its approach to making the transition from the plan's prior actuary, if applicable.
- A description of how the actuary will work with the plan to determine the specific methods and assumptions used, including turnover rates, retirement age, disability age, mortality, projected salary increases, wage increases, price increases, investment return, and cost-of-living increases. This includes how the actuary will review the data for reasonableness and work with the plan to correct the data, if necessary.
- A description of how the actuary would work with the plan to resolve situations where there is ambiguity related to the plan terms or other items.
- A timeline of the major tasks and the due dates. Key due dates should be specified by the contracting government in the Scope of Services section.
- A list of all data requirements (and data formats) needed to upload and process the data. In addition, the firm should indicate how it has addressed the issue of keeping Social Security numbers and other private information secure.
- A description of any support the actuary will require from the plan's staff.
- The process for making the transition to another actuary if the contract is not renewed.

A sample of the report to be produced (attached as an appendix to the firm's response).

3) Costs and Terms of Agreement

- The firm will provide a cost proposal detailing the cost of the services, including estimated hours, hourly rates, and expenses, as well as a total, "not-to-exceed" cost, if applicable. The cost proposal should be clear and concise. Costs of optional services should be shown separately.
- The government should identify any required general terms or conditions that must be met as part of the engagement. This should include a copy of the contract required by the governmental entity.
- In considering the terms of agreement, government representatives need to be aware of the issues related to limitations on liability, and the related terms should be fair and balanced on both sides.