



Actuarial Consulting Services Firm Recommendation

Leslee S. Hardy, ASA,FCA,EA,MAAA
Director of Actuarial Services

Timeline

June 1, 2018

Send out Request for Proposal (RFP)

July 13, 2018

Proposals due to TMRS

July and August 2018

Review proposals, contact reference, and score responses for preliminary rankings
Phone interviews and final rankings

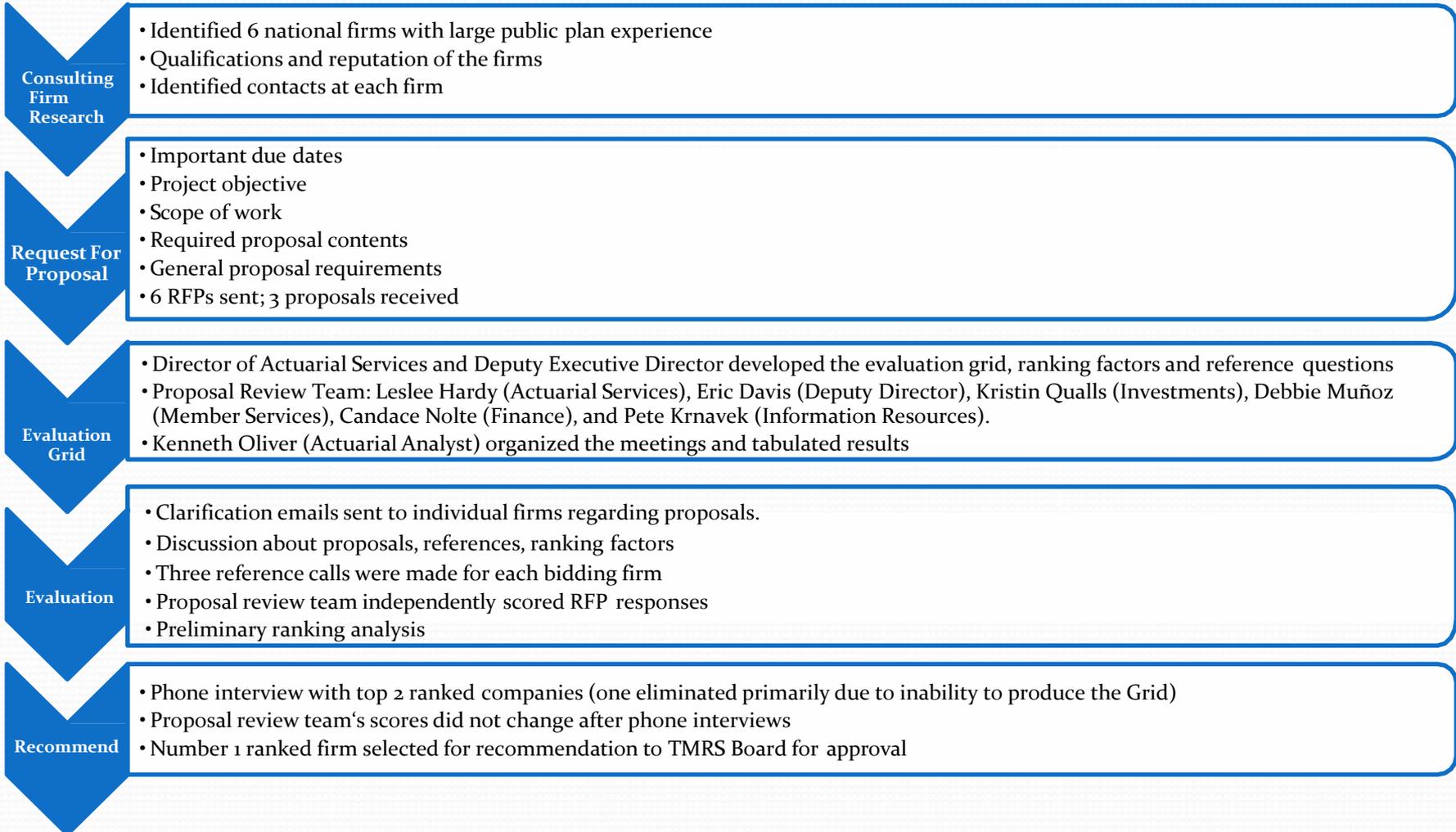
September 27-28, 2018

Staff Recommendation to the Board

January 1, 2019

Contract start date

Actuarial Consulting Firm Search Process



Actuarial Consulting Services Proposal

Due Diligence Ranking Factors

Firm Qualifications (20%)	Consulting Team (20%)	Relevant PERS Experience (25%)	Quality of RFP Response (20%)	Fee (15%)
<ul style="list-style-type: none">• General description• Quality control policy• Firm litigation issues• Insurance coverage• Computer systems• Business continuity plan• References	<ul style="list-style-type: none">• Supervising Actuary• Support team• Depth and size of the team• Turnover Rate/Time at Firm• Professional and consulting experience of team• Staff litigation issues• References	<ul style="list-style-type: none">• PERS consulting clients in last 5 years• TMRS history and/or TMRS-like clients	<ul style="list-style-type: none">• Proposal timeliness• Understanding of scope of work• Proposed approach and timeline• Expected involvement of TMRS staff• Contract issues and/or amendments	<ul style="list-style-type: none">• Consulting services• Computer applications (Grid and Dashboard)• Valuation services• IRC 415 calculations• GASB 68 and 75 reports• Two four-year experience studies (2019 and 2023)• Hourly rates or project based services

Reasons for Staff Recommendation

In reviewing the scores, there was a clear delineation between the top one and bottom two firms.

Firm Experience

- While all three firms have large PERS experience, GRS has the most in general as well as an excellent 10 year track record with TMRS.

Team Experience

- All three firms have credentialed actuaries who are qualified to perform the necessary services.
- GRS' proposed team is identical to the team that has been in place with no turnover for the entire 10 years GRS has been the system's actuary. In addition, they are grooming new actuaries to "deepen the TMRS team."

Reasons for Staff Recommendation (Continued)

Grid

- GRS' proposal would enhance the Grid capabilities according to the needs of TMRS staff and member cities.
- Firm 2 said they could duplicate the Grid through the use of Excel spreadsheets, but they have not created this type of technology for an agent-multiple employer cash balance plan like TMRS.
- Firm 3 could not replicate the Grid with the same level of functionality or ease of use and required additional licensing of actuarial valuation software to be used by TMRS staff

Reasons for Staff Recommendation (Continued)

Proposed fees

- With the needed software licenses for the Grid, Firm 3 was the most expensive.
- While the total fixed fee for Firm 2 was slightly lower than GRS (~0.2%), their proposed hourly rates were higher for senior staff and would increase by 2% to 5% a year. GRS' hourly rates will remain stable throughout the 5 year contract; therefore, GRS was considered to have the lowest overall proposed fees.

Final Rankings & Staff Recommendation

Firm	Ranking (with fee)	Ranking (w/o fee)	Recommendation
GRS	1	1	YES
Firm 2	2	2	NO
Firm 3	3	3	NO

GRS Firm Qualifications

- GRS has the largest and most diverse public sector client base, based on both region and size.
- GRS has the most actuaries dedicated to the public sector retirement systems.
- GRS has a proven track record of commitment to the public sector advocacy through research, communication, and support for national organizations.
- GRS has its own technology department and products, specially designed for public sector retirement systems including TMRS.
- Our GRS team has demonstrated their creative and strategic approach to actuarial consulting on the TMRS plan. Two examples are the concept of fund restructuring (SB350) and the implementation of generational mortality.