



STATE OF WISCONSIN
Department of Employee Trust Funds

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CORRESPONDENCE MEMORANDUM

DATE: August 30, 2011
TO: Employee Trust Funds Board
FROM: Jon Kranz, Director
Office of Budget and Trust Finance
SUBJECT: Extension of Actuarial Services Contracts

Staff recommends the Board delegate authority to the Department to negotiate extending the three actuarial services contracts through September 30, 2014. Staff also recommends the Board delegate approval authority to the Employee Trust Funds (ETF) Board Chair or designee.

The Department currently has three active contracts for the provision of actuarial services that were awarded by the Board at the June 2007 meeting. All three firms have contracts that began October 1, 2007, and end on September 30, 2012, absent any additional extensions. The current firms' program areas and annual retainer fees are as follows:

Gabriel Roeder Smith & Company	Wisconsin Retirement System	\$ 192,700
Deloitte Consulting LLP	Health Insurance Programs	\$ 433,200
Deloitte Consulting LLP	Other Insurance Programs	\$ 108,800

Department staff believe that all these firms have either met or exceeded expectations. Some of the services provided are used by the Group Insurance Board (GIB). Both the GIB Chair and Department staff who work directly with programs administered by the GIB concur that these contracts should be extended for the recommended two-year period.

All three contracts include provisions that address cost increases for any contract extension that essentially limits price increases to the lesser of the Consumer Price Index or 3%. All firms have indicated they want to continue working with the Board.

No significant modifications to any of the contracts are anticipated. Deloitte Consulting (health and other insurance contracts) has asked for some minor modifications to the terms and conditions. However, as of the date of this memorandum, Deloitte had not provided any specific details.

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

Signature

9/6/2011
Date

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Staff anticipates a minor change to the Gabriel Roeder Smith & Company (Wisconsin Retirement System) contract that would include some of their Internal Revenue Service's section 415 testing services in the retainer fee. These services are currently procured on an ad-hoc basis. Should the Board accept the Department's recommendation, staff will complete the necessary negotiations and submit the final contract document to the Chair (or designee) for approval. We expect to complete this process prior to the December 2011 meeting.