



STATE OF WISCONSIN  
Department of Employee Trust Funds  
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**CORRESPONDENCE MEMORANDUM**

**DATE:** March 24, 2010  
**TO:** Group Insurance Board  
**FROM:** Jon Kranz, Director  
Office of Budget and Trust Finance  
**SUBJECT:** Extension of Actuarial Services Contracts

**This is for informational purposes only. No Board action is required.**

At its March 18, 2010, Employee Trust Funds Board (Board) meeting the Board delegated authority to staff to negotiate two-year extensions to the three actuarial services contracts in place since October 1, 2007. Subject to successful negotiations with the current vendors, this action will extend the actuarial services contracts through September 30, 2012.

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, 2010, absent any extension. The current firms' program areas and annual retainer fees are as follows:

Gabriel Roeder Smith and Company	Wisconsin Retirement System	\$185,820
Deloitte Consulting LLP	Health Insurance Programs	\$417,648
Deloitte Consulting LLP	Other Insurance Programs	\$ 41,764

Department staff believes 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.

Reviewed and approved by Robert Conlin, Deputy Secretary.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Board	Mtg Date	Item #
GIB	4.13.10	7F

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 verbally indicated their desire to continue their relationship with the Board.

The Department anticipates that the contract for other insurance programs would be modified to include the other post employment benefits (OPEB) valuation for the Duty Disability program under s. 40.65 into the services covered under the annual retainer fee. This OPEB valuation is required under current accounting standards and was not included as a core service when these contracts were bid back in 2007. In addition, the Department would eliminate the current Duty Disability valuation used for rate setting and replace it with the OPEB valuation. This will increase efficiencies and better align financial reporting with the rate setting process.

Department staff has initiated negotiations with the actuarial services firms. Upon completion of the negotiation process, the contract extension documents will be submitted to the Board Chair (or designee) for approval. It is expected that this process will be completed prior to the June 2010 Employee Trust Fund Board meeting.

I will be available at the April 13<sup>th</sup> meeting should you have any questions.