



State of Wisconsin
Department of Employee Trust Funds
4822 Madison Yards Way
Madison, WI 53705-9100

P. O. Box 7931
Madison, WI 53707-7931

Contract by Authorized Board

Commodity or Service:

Consulting Actuary for Wisconsin Retirement System and Related Programs

Contract No.:

ETD0011 – Amendment #6 dated September 12, 2018

Authorized Board: Employee Trust Funds Board

Contract Period: January 1, 2018 through December 31, 2018

1. This Contract Amendment #6 is entered into by the State of Wisconsin Department of Employee Trust Funds (ETF), hereinafter referred to as the "Department," on behalf of the State of Wisconsin Employee Trust Funds Board, hereinafter referred to as the "Board," and Gabriel, Roeder, Smith & Company (GRS), hereinafter referred to as the "Contractor," whose address and principal officer appear on page 2 below. The Department is the sole point of contact for this Contract.
2. Whereby the Department agrees to direct the purchase and the Contractor agrees to supply the Contract requirements cited herein in accordance with the State of Wisconsin standard terms and conditions and in accordance with the Contractor's proposal date February 17, 2014 hereby made a part of this contract by reference.
3. In connection with the performance of work under this Contract, the Contractor agrees not to discriminate against any employees or applicants for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability as defined in s.51.01(5), Wis. Stats., sexual orientation as defined in s.111.32(13m), Wis. Stats., or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor further agrees to take affirmative action to ensure equal employment opportunities. The Contractor agrees to post in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause.
4. Contracts estimated to be over fifty thousand dollars (\$50,000) require the submission of a written affirmative action plan. Contractors with an annual work force of less than fifty (50) employees are exempted from this requirement. Within fifteen (15) business days after the award of the Contract, the plan shall be submitted for approval to the Department. Technical assistance regarding this clause is provided by the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931, 608.266.2586, or via e-mail at ETFSMBProcurement@etf.wi.gov.
5. This initial contract period is for fifteen (15) months. Each contract period annually will be for twelve (12) months and extend unless and until either party gives the other 180 days' notice of their intent to cancel the contract.
6. The Contract Amendment #1 is dated January 7, 2016 and the costs are not to exceed \$231,750.
7. The Contract Amendment #2 is dated February 23, 2017 and the costs are not to exceed \$236,176.
8. The Contract Amendment #2 dated February 23, 2017 is to also add GRS additional services requested by ETF for: 1). Initial reduced retirement study, delivered on March 22, 2016 for \$5,000 from February 12, 2016 email; 2). Supplemental valuation, report dated August 9, 2016 for \$10,000 from June 2, 2016 fee letter; 3). Investigation of Cost Method, report dated September 1, 2016 for \$6,000 from August 19, 2016 fee letter; and 4). Dividend Reserve supplemental valuation, dated November 9 and December 14, 2016 for \$15,000 from August 19, 2016 fee letter. The total cost for these services are not to exceed \$36,000 and are not included in Section 7 above costs.
9. The Contract Amendment #3 is dated May 19, 2017 to add the April 19, 2017 fee letter for the Contemplated Cost Method Change for the Wisconsin Retirement System and the costs are not to exceed \$5,000.
10. The Contract Amendment #4 is dated December 21, 2017 for the consulting actuary related services, with the costs not to exceed \$241,301.

11. The Contract Amendment #5 dated January 19, 2018 adds additional GRS services requested by ETF for GASB Statement No.68 Employer Cost-sharing Allocations as described in the attached Scope of Work for this Amendment #5. Costs for this work are not to exceed \$25,000 for 2018. For 2019 and subsequent years, the costs associated with this work are not to exceed \$15,000 per year.
12. This Contract Amendment #6 dated September 12, 2018 adds additional GRS services requested by the Department regarding the impacts of implementing rollovers from the Wisconsin Deferred Compensation program into the Wisconsin Retirement System (at separation from service or retirement), treated and annuitized as additional contributions, per statutory authority under Section 40.05 of the Wisconsin Statutes as described in the attached Scope of Work for this Amendment #6. Costs for this work are not to exceed \$10,000 payable upon satisfactory receipt of report by the Department.
13. For purposes of administering this Contract, the Order of Precedence is:
 - A). The Contract with Gabriel, Roeder, Smith & Company (GRS);
 - B). This Contract Amendment #6 dated September 12, 2018
 - C). The Contract Amendment #5 dated January 19, 2018;
 - D). The Contract Amendment #4 dated December 21, 2017;
 - E). The Contract Amendment #3 dated May 19, 2017;
 - F). The Contract Amendment #2 dated February 23, 2017;
 - G). The Contract Amendment #1 dated January 7, 2016;
 - H). Questions from vendors and ETF Answers dated January 28, 2014;
 - I). The RFP dated January 6, 2014, and;
 - J). Contractor's proposal dated February 17, 2014.

Contract Number & Service: ETD0011-Amendment #6 dated September 12, 2018
 Consulting Actuary for Wisconsin Retirement System and Related Programs

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| State of Wisconsin | |
| Department of Employee Trust Funds | |
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| Signature | DocuSigned by: <i>Robert J. Conlin</i> |
| Name/Title | Robert J. Conlin Secretary Department of Employee Trust Funds |
| Phone | 608.266.0301 |
| Date (MM/DD/CCYY) | 9/12/2018 12:35:23 PM CDT |

| | |
|---|---|
| Contractor | |
| Legal Company Name | Gabriel Roeder Smith & Company |
| Trade Name | |
| Taxpayer Identification Number | 38-1691268 |
| Company Address (City, State, Zip) | One Towne Square, Suite 800 Southfield, MI 48076 |
| By (print Name) | Judith A. Kermans |
| Signature | <i>Judith A. Kermans</i> |
| Title | President |
| Phone | 248.799.9000 |
| Date (MM/DD/CCYY) | 9/12/2018 |

Scope of Work
Contract Amendment #6

This scope of work will be delivered as an amendment to the actuarial services contract with annual deliverables due to the Department per the schedule below. The scope includes

Scope of Work

GRS will provide the Department the following information in a Report.

1. **Implementation under existing statute, relation to the Department's Additional Contributions (AC) program, and specific risk.** An explanation that a rollover under the operation of the Department's current authorizing statute would operate similar to another funding source for the existing additional contribution benefit program. Include any specific impacts this funding source would have outside of the way the current additional contributions program already operates.
2. **Benefit comparison to market rates.** This represents the analysis GRS already presented in its February 15th email showing the benefit amounts annuitized in the AC program compared to current market annuities. The Department sees this as a benefit differential (what you get from the program).
3. **What it "costs" the program for the output in #2.** It would be helpful to do this in terms of the effect, if any, on contribution rates, and only to amounts annuitized from rollovers. If able to provide some sample hypotheticals (low, medium, high projection of usage), that would be helpful. It may be that allowing rollovers will present little difference from the costs already incurred by the Department's additional contribution program.
4. **Possible features mitigating the additional risk of allowing rollovers.** This would include a list of mitigating features as well as what effect it is intended to have. The Department will have to weigh the benefit and costs of adding any feature, including the potential need for statutory changes, additional administrative costs, etc.*

Timing of Deliverables:

The draft report will be due June 27, 2018

The final report will be due October 15, 2018

Fees

The total cost for this statement of work is not to exceed \$10,000.

