



Actuarial Audit Update & Recommendation March 18, 2022

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Actuarial Audit — Proposal Selection Schedule

- » December 2021
 - » Notified Actuarial Firms who are qualified for the work and have bid on Colorado PERA Projects in recent past
- » January 2022
 - » January 3 – Posted Actuarial Audit RFP (PERA Website and P&I)
 - » January 19 – Deadline for submission of questions
- » February 2022
 - » February 4 – Deadline for proposal submittal
 - » February 4 - 25 – Evaluation of proposals
 - » February 28 – Recommendation from RFP Committee to Exec Director
- » March 2022
 - » March 18 – Board Selection of actuarial auditing firm (if no finalist presentations are deemed necessary)

Actuarial Audit Proposal Assessment

» Assessment Criteria

- » Experience with public sector pension plans
- » Experience with public sector health care plans
- » Accredited actuaries (assigned or available to PERA)
- » Experience auditing public trust funds
- » Firm appropriately staffed for product delivery
- » Anticipated cost and fee structure
- » Ability to adhere to contract and delivery deadlines
- » Client references (list of clients/client satisfaction)
- » Prior relationships with PERA
- » Overall presentation, impression, and ability

» Assessment Scoring

- » Rating Chart (decimals accepted)
 - » 1 – Unacceptable
 - » 2 – Marginal
 - » 3 – Acceptable
 - » 4 – Good
 - » 5 – Excellent

Actuarial Audit Proposal Assessment *(Continued)*

» Proposing Firms

Bolton	Cheiron	Milliman	Buck
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» Assessment Scoring / Comments

» Bolton – 40.50

- » Least experienced with public plans and actuarial audits for such plans
- » Although proposing a strong actuarial team, smallest firm proposing
- » Competitive fee pricing

» Cheiron – 42.50

- » Considerable experience with public plans and actuarial audits for such plans
- » Proposed highly skilled actuaries
- » Significantly higher fees, even with an opportunity to adjust proposed fees

Actuarial Audit Proposal Assessment *(Continued)*

» Assessment Scoring / Comments *(Continued)*

» Milliman – 44.00

- » Extensive experience with public plans and actuarial audits for such plans
- » Performs other work for Colorado PERA regarding group life and disability programs
- » Performed the last formal audit for Colorado PERA in 2015
- » Competitive fee pricing

» Buck – 45.50

- » Extensive experience with public plans and actuarial audits for such plans
- » Proposing the largest team, skilled actuaries
- » Provided fairly detailed audit work schedule
- » Last performed audit for Colorado PERA in 2009
- » Competitive fee pricing

Actuarial Audit Proposal Assessment *(Continued)*

» Recommendation

- » For the reasons discussed and noted on the previous pages, based on the analysis of the Actuarial Audit Services RFP Committee, I recommend the PERA Board of Trustees engage Buck in an agreement to perform the 2022 Actuarial Audit for Colorado PERA, which includes the following services:
 - » Review of all actuarial methods and assumptions used for actuarial valuations;
 - » Review of any additional assumptions pertaining to actuarial projections;
 - » Replication of the December 31, 2021 actuarial valuation;
 - » Replication of the most recent actuarial projections, based on the December 31, 2021, actuarial valuation results;
 - » Review of recent actuarial communications (actuarial valuation and experience analysis reports).

Proposed 2022 Actuarial Audit Production Schedule

Item / Event	Scheduled Dates
Official contract award and public announcement	End of March 2022
Transfer of any available/applicable PERA information	Beginning of April 2022
Transfer of ungroomed 2021 census data from PERA and groomed 2021 census data from Segal	Mid-to-End of May 2022
Released 2021 ACFR and Final Valuation Reports	June 17, 2022
Actuarial Audit Work Performed	April 1 – Sept 16, 2022
Draft Actuarial Audit Report to PERA Staff	September 23, 2022
PERA Staff Provides Comments on Draft Report	September 30, 2022
Final Actuarial Audit Report Delivered to PERA Staff	October 14, 2022
Final Actuarial Audit Report Delivered to PERA Board	October 17, 2022
Draft Actuarial Audit Presentation to PERA Staff	October 21, 2022
PERA Staff Provides Comments on Draft Presentation	October 28, 2022
Final Actuarial Audit Presentation to PERA	November 2, 2022
Presentation of Actuarial Audit Results by the Selected Firm to the PERA Board at November Meeting	November 18, 2022



Actuarial Audit – Update & Recommendation

Questions ?