



Winston-Salem

Request for Proposals

Actuarial Services

PROPOSALS WILL BE RECEIVED UNTIL

12:00 Noon, Friday, December 2, 2016

in

**Purchasing Department, City Hall Building
101 North Main Street, Suite 324 Winston-Salem, NC 27101**

ADVERTISEMENT FOR PROPOSALS

Sealed proposals endorsed **Actuarial Services** for the City of Winston-Salem will be received by the City/County Purchasing Department in Suite 324, City Hall Building, 101 North Main Street, Winston-Salem, NC **until 12:00 Noon, Friday, December 2, 2016**. Instructions for submitting proposals and/or receiving the complete RFP document specifications may be obtained during regular office hours at the same location, or by contacting Jerry Bates via email jerryjb@cityofws.org (Email is preferred) or phone 336-747-6939. The City reserves the right to reject any or all proposals.

Jerry Bates
Purchasing Director

To obtain the complete proposal document or receive instructions for submitting proposals contact Jerry Bates via email jerryjb@cityofws.org, (email preferred), phone 336-747-6939, or visit the Purchasing Department at same location from 8:00 A.M. to 5:00 P.M. Monday through Friday.

SCOPE

Introduction

The City provides three postemployment benefit programs. Two provide retirement benefits to police officers: 1) the Winston-Salem Police Officers' Retirement System and 2) Police Officers' Separation Allowance. The third program, Postemployment Benefits (OPEB), provides health and death benefits to retirees of the City.

The City is soliciting proposals from qualified firms for actuarial services for these programs which are described in more detail below. The latest actuarial and GASB reports for these programs are included as Exhibit 1.

2.1. A Winston-Salem Police Officers' Retirement System

The Winston-Salem Police Officers' Retirement System (System), a single-employer defined benefit plan, was established in 1977 by the City of Winston-Salem. At June 30, 2016, the System had 842 members, consisting of 342 inactive plan members or beneficiaries currently receiving benefits, 34 inactive plan members entitled to but not receiving benefits and 466 active members. Members may retire with an unreduced benefit after completing 30 years of creditable service. The benefit is equal to 1.85% of the average highest earnings for four consecutive years times the number of service years. The Code of the City of Winston-Salem established the System which is similar to the North Carolina Local Government Retirement System, and authorizes benefit provisions and amendments. The City uses a pension trust fund to account for the benefits of the plan.

Contributions Under the City Code, contribution requirements of plan members and the City are established and may be amended. Members are required to contribute 6% of their salary and contributions by the City are based upon annual actuarial studies. The City is responsible for the payment of administrative expenses of the plan as additional contributions. The System's assets are held in an irrevocable trust with U.S. Bank, National Association and are a part of the City's investment pool that utilizes eight external equity managers, one fixed income manager, and four index fund managers. The City uses Alex. Brown for investment advisory services.

Funding Status In July 2013, the North Carolina Municipal Leasing Corporation issued limited obligation bonds of which a portion of the proceeds were used to fund the System. The purpose of the financing was to increase the funding level from 65% to 86.66%. At January 1, 2016, the most recent actuarial valuation date, the plan was 87.39% funded. The actuarial accrued liability for benefits was \$166,301,811 and the actuarial value of assets was \$145,337,644, resulting in an unfunded actuarial accrued liability of \$20,964,167. The covered payroll of the System was \$23,749,931. The contribution equals the normal cost plus the amount needed to amortize the unfunded actuarial accrued liability in level dollar payments over 22 years (25 year closed period beginning January 1, 2013). The annual required contribution is determined using the entry age normal actuarial cost method and assumes an average return on investments of 7.25%. The City's policy is to fund the actuarial required.

The City closed the System to police officers hired after December 31, 2013, and is seeking actuarial services for the forthcoming three years for the annual actuarial evaluation.

2.1. B Winston-Salem Police Officers' Separation Allowance

Winston-Salem Police Officers' Separation Allowance (Separation Allowance) is a single-employer defined benefit plan, established by the State of North Carolina in 1987 for all local law enforcement officers. The monthly benefit is paid by the City to officers retired under the Winston-Salem Police Officers' Retirement System or the North Carolina Local Governmental Employees' Retirement System until age 62. The benefit is 0.85% of the annual equivalent of the most recent base rate of compensation times the years of creditable service. At June 30, 2016, the plan has 663 participants consisting of 96 inactive plan members or beneficiaries currently receiving benefits and 567 active members. The City uses a pension trust fund to account for the benefits of the plan.

Contributions Benefit provisions are established and may be amended by the State of North Carolina. City contributions are based upon annual actuarial studies. Administrative expenses are funded by additional City contributions.

Funding Status At January 1, 2016, the most recent actuarial valuation date, the plan was 48.72% funded. The actuarial accrued liability for benefits was \$17,983,413, and the actuarial value of assets was \$8,762,263, resulting in an unfunded actuarial accrued liability of \$9,221,150. The covered payroll of the System was \$26,209,341. The contribution equals the normal cost plus the amount needed to amortize the unfunded actuarial accrued liability in level dollar payments over 22 years (25 year closed period beginning January 1, 2013). The annual required contribution is determined using the entry age normal actuarial cost method and assumes an average return on investments of 7.25%. The City's policy is to fund the actuarial required.

2.1. C Postemployment Benefits

Plan Description Under a City Council resolution dated September 9, 1991, the City of Winston-Salem provides healthcare and death benefits as a single-employer defined benefit plan to cover retirees of the City who have at least fifteen years creditable service and retire from the City of Winston-Salem. The City pays a \$2,000 death benefit and contributes a maximum of \$2,400 annually towards the retiree's healthcare premium. Retirees participate in the City's healthcare program until age 65, when they are eligible to participate in the City's Medicare supplemental plan. The healthcare premium for active employees and retirees under age 65 is a blended rate reflecting costs for both active and retired employees. Dependents of retirees may participate in the City's group health plan by paying premiums that vary depending upon their type of coverage. The City does not contribute toward the cost of dependent's coverage. At January 1, 2016, the plan had 2,769 participants, consisting of 1,532 active and vested terminated employees and 1,237 retirees.

Funded Status As of January 1, 2016, the most recent actuarial valuation date, the plan was 64.98% funded. The actuarial accrued liability for benefits was \$86,589,083 and the actuarial value of assets was \$56,261,251, resulting in an unfunded actuarial liability of \$30,327,832. The accrued liability is being amortized over thirty years using the level dollar closed method. The annual required contribution is determined using the entry age actuarial cost method as of January 1, 2016 and assumes an average return on investments of 7.25%. The City's policy is to fund the actuarial required contribution each year.

Scope Specifics

Recurring Services

1. Prepare annual actuarial valuation reports for: 1) Winston-Salem Police Officers' Retirement System, 2) Winston-Salem Police Officers' Separation Allowance, and 3) Postemployment Benefits as of January 1st in accordance with current Governmental Accounting Standards Board (GASB). **The City is seeking a firm that can do all three valuations.**
2. Prepare annual GASB reports for: 1) Winston-Salem Police Officers' Retirement System, 2) Winston-Salem Police Officers' Separation Allowance, and 3) Postemployment Benefits as of June 30th in accordance with current Governmental Accounting Standards Board (GASB). **The City is seeking a firm that can do all three valuations.**
3. The evaluations should include:
 - a. Funding requirement.
 - b. Funded status analysis.
 - c. COLA rate determination for the Winston-Salem Police Officers' Retirement System.
 - d. Disclosure information, including but not limited to GASB Statements No. 67, 68, 71, 73 and 82 (upon effective dates) for the pension plans.
 - e. Disclosure information, included but not limited to GASB Statement No. 74 and 75 (upon effective dates) for Postemployment Benefits.
 - f. Membership characteristics information.
 - g. Electronic copy of the final reports.
4. Deliver the actuarial reports by June 30th each year.
5. Deliver the GASB reports by July 31st each year.
6. Prepare actuarial impact statements as necessary.
7. Perform five-year actuarial experience study upon request.
8. Provide telephone consultation on plan matters.
9. Assist staff with necessary presentations to City Council.

Non-Recurring Services

1. Review the calculation of individual member retirement estimates in the event of termination, death, disability, or retirement for pension systems.
2. Prepare special projects or special actuarial studies as requested.
3. Five year projection of funding requirements and Annual Required Contribution.

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