



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 14

MEETING DATE: March 18, 2020

SUBJECT: Actuarial Service Contract Extension

SUBMITTED FOR: ___ Consent X Deliberation and Action ___ Receive and File

RECOMMENDATION

Staff recommends the Board extend the agreement for actuarial services with Segal for another three years effective July 1, 2020 through June 30, 2023, and authorize SCERS' Chief Executive Officer to execute documents necessary to update the contract.

PURPOSE

This item contributes to the effective management and oversight of administrative activities. The Board is responsible for approving contracts with its consultants, auditors, actuaries, and investment managers.

DISCUSSION

SCERS selected Segal through a competitive bid process to perform actuarial services effective July 1, 2004, the current amended contract is due to expire on June 30, 2020. The actuarial services currently include the following products:

- Annual funding valuation report
- Government Accounting Standards Board Statements 67 and 68 valuation reports
- Detailed employer and member contribution rate schedules
- Annual risk report
- Seven-year detailed contribution rate projection
- Annual COLA certification letter
- Annual County prepayment letter
- IRC 415(b) benefit calculations
- Individual retirement benefit calculations (as needed)
- Annual unfunded liability study for Sacramento Metropolitan Fire District
- Triennial experience study
- Other special projects as needed

Actual costs incurred for actuarial services for the fiscal years ended June 30, 2017, 2018, and 2019 were approximately \$178,000, \$282,000, and \$224,000, respectively. Segal's proposed fixed fee cost for years 2020, 2021, and 2022 are \$154,000, \$156,750, and \$197,500, respectively, which excludes the following work products that will be billed based on actual time incurred:

- Detailed employer and member contribution rate schedules
- IRC 415(b) benefit calculations
- Individual retirement benefit calculations (as needed)
- Annual unfunded liability study for Sacramento Metropolitan Fire District
- Other special projects as needed

Staff expect total costs to be consistent with prior years.

Segal comes with a strong Staff recommendation to extend the engagement. Segal actuaries have proven to be knowledgeable and demonstrate national and statewide expertise in actuarial funding policies and 1937 Act pension plans. Segal's lead actuary on the SCERS engagement, Andy Yeung, has a long-standing record of providing superior customer service to SCERS for more than 20 years. Segal also has been very reliable in meeting SCERS' timelines. Staff recommends that SCERS enter into a three-year contract extension with Segal for actuarial services, and update the language and terms within the contract as needed.

Prepared by:

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