



Contract by Authorized Board

Commodity or Service:

Contract No.:

Consulting Actuary for Wisconsin
 Group Insurance and Disability Programs

ETD0013 – Amendment #12 dated January 25, 2021

Contract Period: January 1, 2021 through December 31, 2021

1. This Contract Amendment #12 is entered into by the State of Wisconsin, Department of Employee Trust Funds hereinafter referred to as the "Department," and Milliman, Inc., hereinafter referred to as the "Contractor," whose address and principal officer appear on page 3 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 to add Milliman's Proposal for Disability Plan Design Analysis Scope of Work dated January 13, 2015 (amended March 26, 2015). Task reimbursement amounts are eligible for payment from Table 1, when ETF gives written acceptance of the tasks satisfactory receipt and will cost no more than \$75,000. All task estimated timeframes are mutually agreed upon and deviations must be mutually agreed upon. The Contract Amendment 1 may be amended to reflect any change in tasks' estimated timeframes, additional requested work or costs associated with additional work requests. The Additional Plan Design Options (APDO) for researching the plan design for similar employers, including other state systems and large public sector plans will cost no more than \$5,000. Reimbursement for the APDO work is eligible for payment when ETF gives written acceptance of satisfactory receipt. All travel expenses associated with the services for this amendment shall be billed at actual costs, be reasonable for the work conducted, and when appropriate, be at state approved rates. Contract Amendment 1 is for the total cost not to exceed \$80,000.
7. The Contract Amendment 2 is dated February 3, 2016 for the consulting actuary related services, with the costs not to exceed \$118,450.
8. Article 6 above is amended to add expanded project analysis work on the Income Continuation Insurance (ICI) program and hereby incorporated by reference the Milliman letter dated January 21, 2016 for the Disability Plan Design Work. Delivery date for this expanded project analysis is June 30, 2016. The expanded analysis project, project delivery date, and an additional amount of \$25,000 has been mutually agreed upon. The original amounts from Article 7 and the additional amount included in this article are in addition to the contract amount for the consulting actuary related services specified in Article 8.
9. The Contract Amendment 3 is dated September 23, 2016 for the GASB 74 Implementation Planning, with the costs not to exceed \$71,000.

10. The Contract Amendment 4 is dated February 13, 2017 for the consulting actuary related services, with the costs not to exceed \$120,712.
11. The Contract Amendment 4 is dated February 13, 2017 and amends Contract Amendment 1 Scope of Work dated March 26, 2015, as permitted in Article 6 to include costs associated with additional work requests in the amount of \$5,000 and to remove provisions in Article 6 related to APDO work. The total cost for these services are not to exceed \$5,000 and are not included in Section 10 above costs.
12. The Contract Amendment 5 is dated January 5, 2018 for consulting actuary related services, with the costs not to exceed \$123,332.
13. The Contract Amendment 6 is dated June 22, 2018 and adds Amendment 6A which documents Contractor's scope of work, detailed in Attachment 6A, and clarifies payment is to be made by the Department's third party administrator of the Life Insurance Program to Contractor, and also adds Amendment 6B which documents the scope of Contractor's presentation related to the new GASB standards 74 and 75 impacting the valuation of the Retiree Life Insurance programs (State and Local plans) to the Wisconsin Group Insurance Board on August 22, 2018, the costs for which are not to exceed \$4,500.
14. The Contract Amendment 7 is dated October 2, 2018 which documents Contractor's scope of work detailed in Milliman's September 24, 2018 letter (attached), the costs for which are not to exceed \$25,000 and all work completed prior to the November 14, 2018 Group Insurance Board meeting.
15. The Contract Amendment 8 is dated January 17, 2019 which documents:
 - Contractor's scope of work detailed in Contractor's December 19, 2018 letter to the Department (attached) for actuarial audit of accumulated sick leave conversion credit program valuation wherein costs shall not exceed \$35,000; and
 - The consulting actuary related services, with the costs not to exceed \$126,021 for calendar year 2019.
16. The Contract Amendment 9 is dated October 25, 2019 and includes Contractor's letter to the Department dated October 14, 2019 (attached) with the agreed upon statement of work for services related to the Department's Group Life Insurance Request for Proposals, the costs for which shall not exceed \$32,000.
17. The Contract Amendment 10 is dated November 1, 2019 and includes Contractor's letter to the Department dated October 15, 2019 (attached) with the agreed upon statement of work for services related to the Department's Experience Studies for Duty Disability and Income Continuation Insurance Programs, the costs for which shall not exceed \$75,000.
18. The Contract Amendment 11 dated January 2, 2020 is for consulting actuary related retainer services described in RFP ETD0013 with costs not to exceed \$128,604 for calendar year 2020.
19. This Contract Amendment 12 dated January 25, 2021 is for:
 - Consulting actuary related retainer services described in RFP ETD0013 with costs not to exceed \$130,122 for calendar year 2021.
 - Contractor's scope of work detailed in their January 21, 2021 letter (attached) to the Department regarding State and Local Retiree Life Insurance GASB 74 Implementation Services with costs not to exceed \$25,000.
 - Additional work beyond that described in the January 21, 2021 scope of work, including work responding to audit inquiries or the creation of multiple draft reports, for reasons other than correcting Milliman errors, will be invoiced to the Department at the hourly rates in the attached January 21, 2021 letter and will be itemized by amendment number, auditor name, auditor firm, hours, hourly rate, and type of work performed. In the event this additional work exceeds \$3,000, Contractor will obtain prior approval from the Department before proceeding.
20. For purposes of administering the Contract, the Order of Precedence is:
 - A. The Contract with Milliman, Inc. dated July 31, 2014;
 - B. this Contract Amendment 12 dated January 25, 2021;
 - C. the Contract Amendment 11 dated January 2, 2020;
 - D. the Contract Amendment 10 dated November 1, 2019;
 - E. the Contract Amendment 9 dated October 25, 2019;
 - F. the Contract Amendment 8 dated January 17, 2019;
 - G. the Contract Amendment 7 dated October 2, 2018;
 - H. the Contract Amendment 6 dated June 28, 2018;
 - I. the Contract Amendment 5 dated January 5, 2018;
 - J. the Contract Amendment 4 dated February 13, 2017;
 - K. the Contract Amendment 3 dated September 23, 2016 and Milliman letter dated September 14, 2016;
 - L. the Contract Amendment 2 dated February 3, 2016 and Milliman letter dated January 21, 2016;
 - M. the Contract Amendment 1 dated March 26, 2015;

- N. questions from vendors and ETF Answers dated January 28, 2014;
- O. Exhibit A, Changes Agreed to by the Parties from the Request for Proposal (RFP) ETD0013;
- P. Exhibit B, Business Associates Agreement dated June 3, 2014;
- Q. the RFP dated January 6, 2014; and,
- R. Contractor's proposal dated February 17, 2014.

Contract Number and Service: ETD0013-Amendment #12
 Consulting Actuary for Wisconsin Group Insurance and Disability Programs

This Contract Amendment shall become effective upon the date of last signature below (the "Effective Date").

State of Wisconsin Department of Employee Trust Funds	
Signature	DocuSigned by: <i>Robert J. Conlin</i>
Name/Title	249598FF085F431...
Robert J. Conlin Secretary, Department of Employee Trust Funds	
Phone	608.266.0301
Date	1/25/2021

Contractor	
Legal Company Name Milliman, Inc.	
Trade Name Milliman	
Taxpayer Identification Number 91-0675641	
Company Address (City, State, Zip) 121 Middle Street Suite 401 Portland, ME 04101	
By (print Name) Daniel D. Skwire	
Signature	DocuSigned by: <i>Daniel D. Skwire</i>
Title	6D8558A615D1484...
Principal	
Phone	207.771.1203
Date	1/25/2021



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milliman.com

January 21, 2021

Ms. Cindy Klimke
Chief Trust Finance Officer
Wisconsin Department of Employee Trust Funds

(via email)

Re: GASB 74 Implementation Services

Dear Cindy:

Thank you for the opportunity to perform an annual actuarial valuation for the State and Local Retiree Life Insurance Programs. This letter provides a description of those services along with our proposed fees.

PROPOSED SERVICES

We will prepare annual actuarial valuation reports for the State Retiree Life Insurance Plan and Local Retiree Life Insurance Plan, and related employer allocations, in accordance with GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". These reports will include information such as the following:

- Calculation of the Single Discount Rate based on a full projection of benefit payments, expected contributions, and investment returns;
- Statement of Changes in the Net OPEB Liability and Ratios, using the Single Discount Rate as determined above;
- Statement of Fiduciary Net Position as a percentage of the Total OPEB Liability;
- Schedule of Contributions;
- Sensitivity scenarios based on a +/-1% change to the discount;
- An OPEB Expense calculation which separately tracks annual gains and losses due to demographic experience, asset experience, assumption changes, and plan changes;
- Deferred Outflows and Inflows of Resources related to OPEBs;
- A description of the types of benefits provided by the plan; and
- Other explanatory information including an executive summary, actuarial assumptions and summary of participant data.

The scope of work includes a draft and a final report, and related employer allocations, for each plan. Final versions of the reports will incorporate agreed upon changes identified by ETF and audit staff. The scope also includes additional draft reports (and related employer allocations) if errors, made by Milliman, are identified in initial drafts. Valuation reports will be delivered in pdf format and employer allocations will be delivered in an Excel format.

ETF and Milliman will discuss timing of deliverables each year. Generally, initial drafts of valuation reports and employer allocations will be due in early June, with final versions due mid to late August. This timing



Ms. Cindy Klimke
January 21, 2021
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is dependent on Milliman receiving required information from ETF and its third-party administrator for the Life Insurance program.

FEES

We propose a fixed fee of \$25,000 for the scope of work defined in this letter. Additional work beyond that scope that is requested by ETF, including but not limited to time spent responding to audit inquiries or the creation of multiple draft reports for reasons other than Milliman errors requiring correction, will be performed on a time and expense basis using the hourly rates shown in the table below. (These rates are for 2021 and may change in future years):

Position Level	2021 Hourly Billing Rate
Consulting Actuary / Reviewing Actuary	\$350 - \$475
Actuarial Analyst	\$180 - \$300
Administrative Staff	\$100 - \$160

In addition to professional fees, we will bill for out-of-pocket expenses (e.g., reasonable hotel, meals and travel), if any, related to the project.

With respect to Milliman work related to audit inquiries, we will itemize the auditor name, auditor firm, hours, hourly rate and type of work performed. In the event that the cost of this work will exceed \$3,000, we will discuss with ETF staff to obtain approval before proceeding.

CONTRACTING

If this proposal is acceptable to you, please prepare any necessary contract amendments for us to sign.



Thank you again for this opportunity. Please email me at dan.skwire@milliman.com with any questions or comments.

Sincerely,

Daniel D. Skwire, FSA, MAAA
Principal and Consulting Actuary

Sent electronically—no hard copy mailed