



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:

Contract No.:

Consulting Actuary for Wisconsin
Group Insurance and Disability Programs

ETD0013 – Amendment #6 dated June 28, 2018

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 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. This 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. For purposes of administering this Contract, the Order of Precedence is:
 - A). The Contract with Milliman, Inc. dated July 31, 2014;
 - B). this Contract Amendment 6 dated June 28, 2018;
 - C). the Contract Amendment 5 dated January 5, 2018;
 - D). the Contract Amendment 4 dated February 13, 2017;
 - E). the Contract Amendment 3 dated September 23, 2016 and Milliman letter dated September 14, 2016;
 - F). the Contract Amendment 2 dated February 3, 2016 and Milliman letter dated January 21, 2016;
 - G). the Contract Amendment 1 dated March 26, 2015;
 - H). questions from vendors and ETF Answers dated January 28, 2014;
 - I). Exhibit A, Changes Agreed to by the Parties from the Request for Proposal (RFP) ETD0013;
 - J). Exhibit B, Business Associates Agreement dated June 3, 2014;
 - K). the RFP dated January 6, 2014; and,
 - L). Contractor's proposal dated February 17, 2014.

Contract Number and Service: ETD0013-Amendment #6
 Consulting Actuary for Wisconsin Group Insurance and Disability Programs

State of Wisconsin	
Department of Employee Trust Funds	
Signature	DocuSigned by: <i>Robert J. Conlin</i> <small>249598FF085F491...</small>
Name/Title	Robert J. Conlin Secretary, Department of Employee Trust Funds
Phone	608.266.0301
Date (MM/DD/CCYY)	6/28/2018 11:12:23 AM CDT

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> <small>8D8558A015D1484...</small>
Title	Principal
Phone	207.771.1203
Date (MM/DD/CCYY)	6/28/2018 10:20:52 AM CDT

Amendment 6A

This scope of work documents the services to be delivered as an amendment to the actuarial services contract. This scope of work includes the preparation of Retiree Life Insurance actuarial valuation reports (State plan and Local plan) and related employer reporting following GASB Statement No. 74 and 75 requirements. Employer reporting will be delivered in an Excel format according to the specifications in "Attachment to Amendment 6A". This will include proportionate share calculations (to eight decimals) based on employer contributions. Contractor will prepare two versions of the reports and employer schedules; a Preliminary version for review and a Final Version for distribution to Employers.

In order for Milliman to prepare the reports and schedules, the following data is required from the Department or the Department's third party administrator for the Life Insurance program:

- Retired Lives Extract (provided by the Department)
- Active member data file (provided by the Department)
- Updated Retiree Life Crosswalk for Employers (information that allows Milliman to condense the data into reporting entities) - if needed (provided by the Department)
- Participant census data (provided by Securian)
- Spreadsheet summary of asset information (provided by Securian)
- Drafts of Securian's, financial reports for State and Local (provided by Securian)
- Basic and Supplemental contribution information by billing unit (provided by Securian)

Timing:

Contractor shall provide the Preliminary Reports and draft employer schedules to the Department no later than May 9, 2018.

Contractor shall provide the Final Reports and Employer Schedules to the Department within 5 business days after the Department approves the draft report.

Payment:

The Department shall not pay Milliman directly for the scope of work described in Amendment 6A. Rather, payment shall be made by the Department's third party administrator for the State of Wisconsin Life Insurance Program, Minnesota Life Insurance Co., (referred to as Securian Financial Group, Inc.), which is obligated under contract ETJ0029 with the Department to pay for actuarial services with regard to the Department's Life Insurance Program. The State of Wisconsin Administrative Agreement, Section 4.3. A. 8. "Minnesota Life Shall: Annually pay to the STATE's consulting actuary the charges for actuarial services with regard to the PROGRAM."

Attachment to Amendment 6A

Data needed for each employer (to be provided in Excel format) allocated as follows:

Local – By Employer

State by:

- State agencies (excluding University of Wisconsin)
- University of Wisconsin
- WHEDA
- WEDC
- UW Hospital/Clinics Authority

Employer information:

- Employer number
- Employer name
- Contributions
- Current year covered payroll

Allocation of proportionate share:

- Current year allocation %
- Previous year allocation %

Current year net OPEB liability (asset)

Deferred Outflows for current year:

- Difference between expected and actual experiences
- Net difference between projected and actual investment earnings on plan investments
- Changes of assumption
- Changes in proportion and differences between employer contributions and proportionate share of contributions
- Total deferred outflows of resources

Deferred Inflows for current year:

- Difference between expected and actual experiences
- Net difference between projected and actual investment earnings on plan investments
- Changes of assumption
- Changes in proportion and differences between employer contributions and proportionate share of contributions
- Total deferred inflows of resources

Deferred Outflows for prior years until fully amortized:

- Difference between expected and actual experiences
- Net difference between projected and actual investment earnings on plan investments
- Changes of assumption
- Changes in proportion and differences between employer contributions and proportionate share of contributions

- Total deferred outflows of resources

Deferred Inflows for prior years until fully amortized:

- Difference between expected and actual experiences
- Net difference between projected and actual investment earnings on plan investments
- Changes of assumption
- Changes in proportion and differences between employer contributions and proportionate share of contributions
- Total deferred inflows of resources

Net Deferred Outflows amortized in future years - by year (for example, for 2017 the future years would be 2018 through 2022)

Net Deferred Inflows amortized in future years - by year (same example as deferred outflows above)

Net OPEB Expense:

- Net proportionate share of plan OPEB expense (income)
- Net amortization of deferred amounts from changes in proportionate share and difference between employer contribution and proportionate share of contributions
- Total employer OPEB expense (income)

NPL Sensitivity to Changes in Discount Rate:

- Employers portion of the 1% decrease to discount rate
- Employers portion of the current discount rate
- Employers portion of the 1% increase to discount rate

Plan Information:

- Total fiduciary net position
- Total OPEB liability
- Net OPEB liability

Amendment 6B

This scope of work documents the additional services to be delivered as an amendment to the actuarial services contract. The scope includes the development of a presentation related to the new GASB standards 74 and 75 impacting the valuation of the Retiree Life Insurance programs (State and Local plans). Milliman will discuss this presentation with the Group Insurance Board at its August 22, 2018 meeting. Milliman's March 19, 2018 letter to the Department, attached hereto, outlines the services Milliman will include in the development of this presentation.

Costs shall not exceed \$4,500. A single invoice for the total amount shall be sent by the Contractor to the Department after services are delivered.