REQUEST FOR PROPOSALS (RFP):

ACTUARIAL AUDIT OF THE PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

October 9, 2025

I. *Introduction*

1.1 PURPOSE

Pursuant to Ohio Revised Code (R.C.)171.04(E), the Ohio Retirement Study Council (ORSC) requests proposals from qualified consulting firms interested in performing an independent actuarial audit of the Public Employees Retirement System (PERS). The goal of the audit is to provide an independent verification and analysis of the assumptions, procedures, and methods used by the PERS consulting actuary. The services being sought are specified in more detail in Section II, Scope of Audit, of this RFP.

1.2 PROPOSAL SUBMISSION

Five copies of the proposal, including one unbound copy and one digital copy, must be submitted to Bethany Rhodes, Director/General Counsel, Ohio Retirement Study Council, 30 East Broad Street, 2nd Floor, Columbus, Ohio 43215, no later than 5:00 p.m., eastern standard time (EST), on **Friday, December 5, 2025**. Incomplete proposals or proposals received after the deadline will not be considered by the ORSC and will be returned to the proposer.

The ORSC reserves the right to request additional information, revise, cancel, or reissue the RFP at any time.

1.3 FOR MORE INFORMATION ON RFP

If a firm is interested in responding to this RFP and requires additional information, please write to Bethany Rhodes, Director/General Counsel, Ohio Retirement Study Council, 30 East Broad Street, 2nd Floor, Columbus, Ohio 43215; facsimile (614) 228-0118; e-mail Bethany.Rhodes@orsc.org. Questions must be submitted no later than 5:00 p.m., EST, on **Friday, November 21, 2025**. All questions and written answers will be shared with all other known interested parties through the ORSC website (www.orsc.org). Any revisions to the RFP will be posted on the ORSC website.

1.4 BACKGROUND

The ORSC was created by the Ohio General Assembly in 1968 and is one of the oldest permanent pension oversight bodies in the nation. It is comprised of three members each of the Ohio House and Ohio Senate, three members appointed by the Governor, and the executive directors of each of the five state retirement systems as non-voting members. Its purpose is to advise and inform the state legislature and other elected officials on all matters relating to the benefits, funding, investment, and operation of Ohio's five state retirement systems: the Public Employees Retirement System (PERS), the State Teachers Retirement System (STRS), the Ohio Police and Fire Pension Fund (OP&F), the School Employees Retirement System (SERS), and the Highway Patrol Retirement System (HPRS). As of January 1, 2025, Ohio's five state retirement systems have assets totaling approximately $257.4 billion. The retirement systems provide retirement, disability, and survivor coverage to approximately 1.2 million members, retirees, and their beneficiaries. The statutes governing the ORSC are found in Chapter 171 of the Ohio Revised Code.

The ORSC is charged with the following statutory duties:

> (1) Make an impartial review from time to time of all laws governing the administration and financing of the retirement systems and make recommendations to the legislature on any changes it finds desirable with respect to benefits, sound financing of benefit costs, and prudent investment of funds (R.C. 171.04(A));
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> (2) Report annually to the governor and legislature on its evaluation and recommendations with respect to the operations of the retirement systems and their funds (R.C. 171.04(B));
>
> (3) Study all proposed changes to the retirement laws and report to the legislature on their probable costs, actuarial implications, and desirability as a matter of public policy (R.C. 171.04(C));
>
> (4) Review semiannually the investment programs of the retirement systems (R.C. 171.04(D));
>
> (5) Prepare, at least once every ten years, an independent actuarial audit of the annual actuarial valuations and quinquennial actuarial experience studies of each retirement system (R.C. 171.04(E));
>
> (6) Conduct a fiduciary performance audit of each system at least once every ten years (R.C. 171.04(F));
>
> (7) Provide each ORSC member with copies of all proposed rules submitted by the retirement systems and submit any recommendations to the Joint Committee on Agency Rule Review (R.C. 171.04(G)); and

(8) Review the adequacy of the police and fire contribution rates and makes recommendations to the legislature that it finds necessary for the proper financing of OP&F benefits (R.C. 742.311).

Additionally, all five retirement systems have discretionary authority to offer comprehensive hospital, medical, and prescription drug coverage to retirees and their dependents. Participants in the retirement systems are not covered under Social Security with respect to their public employment.

The Ohio General Assembly has ultimate responsibility for the stability of the pension systems. It has a responsibility not only to the plan participants but also to the taxpayers who support these systems to review periodically the policies of each retirement system to ensure that the level of benefits is equitable, the level of funding is adequate, and the investment of funds is prudent. The Ohio General Assembly has relied on the ORSC for over 50 years to provide the necessary advice and information that enables it to make informed decisions based on sound public policy. Therefore, it is imperative that the ORSC has the necessary tools and information to perform these functions.

For additional information about the ORSC, please refer to its web site www.orsc.org.

Created in 1935, the Public Employees Retirement System of Ohio (PERS) is a statewide, pension fund for state and local government employees. It provides service retirement, disability and survivor benefits, and access to health care for benefit recipients and their dependents. PERS is legally separate from and fiscally independent of state and local governments. Administration and management of the plan is vested in the Retirement Board established under Chapter 145. of the Ohio Revised Code.

PERS is funded through investments and contributions made by member employees and their employers. State and local employees contribute 10% of gross earnings, while employers contribute 14% of gross earnings. PERS includes a law enforcement and public safety division. These members receive enhanced benefits, with employee contributions of 12% or 13% of earnings and employer contributions of 18.1%.

Based on employee and employer data as of December 31, 2024, PERS has 316,214 active members, 785,889 inactive members and 221,498 benefit recipients. Additionally, PERS administers a discretionary post-employment health care plan

for benefit recipients. As of December 31, 2024, PERS has assets totaling approximately $120.8 billion, 60% of which are managed externally.

For additional information about PERS, please refer to its web site at: https://www.opers.org/

1.5 Public Records and Trade Secrets

Subsequent to the selection of a proposal, any submissions made under this RFP will become public records. Because of these disclosure requirements, applicants are discouraged from including any trade secret information.

II. *Scope of Audit*

Purpose: The services requested will be for the performance of an actuarial audit for the primary purpose of independent verification and analysis of the assumptions, procedures, and methods used by the PERS consulting actuary, as applicable, for:

- Report on the Ohio Public Employees Retirement System Actuarial Valuation of Defined Benefit Allowances-Traditional, Combined, and Member Directed Plans, December 31, 2023;
- Ohio Public Employees Retirement System 5-Year Experience Study January 1, 2016-December 31, 2020; and
- Report on the Ohio Public Employees Retirement System Annual Actuarial Valuation and Projections of Retiree Health Benefits, December 31, 2023, including GASB Statement 74 disclosures.

Deliverables: The Contractor will provide monthly updates to the ORSC. The final report must include, at a minimum: a description of the work performed; an executive summary; and findings and recommendations. The key findings and recommendations should be organized in a manner that clearly identifies to whom they are primarily directed (e.g., the Legislature, PERS Board, and ORSC). The Contractor will provide a digital and 25 bound copies of the final report to PERS and a digital and 25 bound copies of the final report to the ORSC not later than one week after the Contractor completes the final report and shall separately present this report, in person, to both the ORSC and the PERS Board.

2.1 Specific Audit Requirements

As part of the independent verification analysis, the actuarial audit shall include the following elements and activities:

- **Data Validity**- Assessment of the validity, completeness, and appropriateness for PERS' structure and funding objectives of the demographic and financial information used by the consulting actuary in the valuation of PERS.
- **Actuarial Valuation Method and Procedures**- Assessment of whether the consulting actuary's valuation method and procedures are reasonable and consistent with generally accepted actuarial standards and practices appropriate for PERS' structure and funding objectives and are applied as stated by the actuary. If deviations from accepted standards are found during the audit, the Contractor should obtain the rationale for the deviations and determine their effects, including their monetary impact.
- **Actuarial Valuation Assumptions**- Assessment of whether the actuarial valuation assumptions are reasonable and consistent with generally accepted actuarial standards and practices; are reasonable based on PERS' experience; and are appropriate for PERS' structure and funding objectives. The assumptions evaluated should include both demographic and economic assumptions, such as mortality, retirement, separation rates, levels of pay adjustments, rates of investment return, and disability factors. As part of this assessment, the Contractor should consider and specifically address whether actual experience is appropriately evaluated in experience studies conducted by the consulting actuary at least every five years and whether recent changes in assumptions are appropriate, reasonable, and supported by the experience studies. Also, the Contractor should review the gain/loss analyses from the last four actuarial valuation reports.
- **Parallel Valuation-** Perform parallel valuations of pension benefits as of December 31, 2023, and of retiree health care benefits as December 31, 2023, using the validated member census data and the same actuarial assumptions.
- **Recommendations**- If the Contractor recommends assumption adjustments to more accurately reflect present and future assets, liabilities, and costs of PERS, the Contractor should provide detailed rationale for your recommendations and describe the general effect PERS' condition resulting from the proposed changes in assumptions.
- **Review of Health Care-** Assessment of whether the system appropriately and consistently determines retiree contributions to health care and whether the implementation of the PERS' health care policies differ from those determinations.

III. *Anticipated Work Product*

3.1 WRITTEN REPORTS

The ORSC reserves the right to use and reproduce all reports and data produced and delivered by the Contractor and to authorize others to use or reproduce such materials. The final written report shall include:

- An overall opinion as to the validity, completeness, and appropriateness of the demographic and financial information used by the consulting actuary to meet PERS' funding objectives;
- An overall opinion as to the reasonableness of the consulting actuary's conclusions and the conformance of the consulting actuary's work with generally accepted actuarial standards and practices;
- A detailed description of each audit exception and the estimated effects of each exception on PERS; and
- Detailed recommendations for improvement. The recommendations should be easily identified within the report by use of bold, underlined, or italicized text, bullets, or other similar techniques.

PowerPoint **is not** an acceptable format for this report. The report must be in language clearly understood by lay readers and include an executive summary. Terms essential to an understanding of retirement system funding and actuarial valuation, such as unfunded accrued liability, funding method, actuarial cost method, normal cost, etc., should be explained in lay terms.

More detailed and technical information that the consulting actuary would need to understand and respond to the Contractor's findings and analysis should be incorporated into a separate appendix document. Upon request by the consulting actuary, the Contractor shall make available data or other information in such form as specified by the consulting actuary.

3.2 WORKING PAPERS

If selected, the Contractor's working papers shall be available for review and duplication by the ORSC and its designees during the period of the contract and for a period of not less than four years after the last payment date. The Contractor also

shall be available to answer reasonable questions by authorized representatives of the ORSC at no additional cost beyond the contract price.

3.3 ADDITIONAL SERVICES

During the review process, the Contractor may make suggestions that consultants should be hired to assist PERS. In order to increase the credibility of the audit, the Contractor should understand that, if they are chosen to perform this audit, they **will be disqualified** from consideration as a contractor for activities relating to the area of their review for a period of one year after completion of the audit.

3.4 PROJECT EXECUTION AND ADMINISTRATION

If selected, the Contractor will be responsible for coordinating and obtaining needed information from PERS (video, telephone conferences or email should suffice). The Contractor will be responsible for all of the Contractor's travel arrangements, travel expenses, and clerical support.

IV. *Organization, Format, and Content of Proposal*

Please provide responses to the following questions. Responses will be evaluated, in part, on an organization's ability to communicate clearly and succinctly.

4.1 PROPOSAL SUMMARY

Each proposal shall provide a narrative summary of the proposal being submitted. This summary should identify all of the services and work products that are being offered in the proposal and should demonstrate the firm's understanding of the project. In addition to the summary, please provide all of the following general information:

- The firm's primary contact for ORSC staff use and, if different, for PERS staff use during the audit, including the contact's address, telephone and e-mail address;
- General ownership structure of the organization, including subsidiary and affiliated companies, and joint venture relationships;
- Information regarding any material change in the firm's structure or ownership within the last eighteen months, or any material change in

ownership, staff, or structure currently under review or being contemplated by the firm;

- If available, a third-party assessment or report concerning client satisfaction and measures of the firm's strengths and weaknesses;
- Any material litigation which has been threatened against the firm or to which the firm is currently a party;
- A list and brief description of litigation brought against the firm by existing or former clients over the last five years; and
- A list of any professional relationships involving the ORSC, the five Ohio public retirement systems, the State of Ohio, or its political subdivisions for the past five years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed review. In the event that the firm has had any professional relationships involving the ORSC, the five Ohio public retirement systems, the State of Ohio, or its political subdivisions for the past five years, the firm shall provide a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed review, or, if necessary, an explanation of the actions that will be taken to ensure an independent review.

4.2 CAPABILITIES AND EXPERIENCE

Each proposal shall describe the firm's capabilities and recent experience (at least during the last five years) in performing actuarial valuations, audits, or studies of public employee retirement systems. The response should include information on the types and sizes of public employee retirement systems for which past work has been performed, including whether the systems were defined benefit or defined contribution plans, the types and number of participating employers, number of participants, and other relevant indicators of plan type, size, and comparability to PERS. You should include other information you believe may be relevant in demonstrating your capabilities in performing the actuarial audit, including other professional experience and data processing capabilities.

4.3 STAFF QUALIFICATIONS

Each proposal shall, at a minimum, describe the qualifications of all management and lead professional personnel who will participate in the audit. Each personnel description shall include: (1) a resume; (2) a summary of experience each has had in performing actuarial valuations, audits, or studies of public employee retirement systems; and (3) a management plan identifying the responsibilities each will have on the audit.

Each resume should include information on the current and past positions held with the firm, educational background, actuarial and other relevant credentials, and other relevant information to demonstrate the person's qualification.

Each proposal shall also include a description of the firm's procedures in the event that a key person assigned to this engagement leaves the firm during the engagement.

The experience summaries should include information on the types and sizes of public employee retirement systems for which the designated staff have completed actuarial work, including whether the systems were defined benefit or defined contribution plans, the types and number of participating employers, number of participants, and other relevant indicators of plan type, size, and comparability to PERS. It is permissible to reference, rather than repeat, duplicative information provided elsewhere in the proposal. The experience summaries should describe the work performed and detail the roles and responsibilities that the individual staff had on the projects.

The management plan should specify the roles and responsibilities that each of the management and professional staff will have on the actuarial audit and include an estimated portion of the audit's time that will be spent by each on the audit.

Actuaries included on the project team should meet the following criteria:

- Be members of the American Academy of Actuaries;
- Be enrolled actuaries with experience in governmental plans;
- Be, at a minimum, associates with at least five years of experience in public practice, although preference will be given to actuaries that are Fellows of the Society of Actuaries; and
- Have performed an actuarial valuation, audit, or study of a public employee retirement system within the last two years.

In the event that the firm or any personnel listed in the proposal has had any professional relationships involving the ORSC, the five Ohio public retirement systems, the State of Ohio, or its political subdivisions for the past five years, the firm shall provide a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed review, or, if necessary, an explanation of the actions that will be taken to ensure an independent review.

4.4 REFERENCES

Each proposal must include a list of at least three organizations, but no more than five, that may be used as references for the firm's work on actuarial audits or studies. References may be contacted to determine the quality of the work performed, personnel assigned to the project, and contract adherence. The following should be included for the references listed:

- Date of the actuarial audit work;
- Name, email address, and address of client;
- Name, email address, and telephone number of an individual in the client organization who is familiar with the work; and
- Description of the work performed.

4.5 METHODOLOGY, WORK PRODUCT, AND TIMELINE

Each proposal shall describe the proposed methodology for each element of the components listed under *Scope of Audit*. The description should include specific techniques that will be used, including anticipated sampling techniques and sizes, and proposed sources of data and information. You may propose alternative ways of addressing the elements of the audit's scope.

In describing the proposed methodology, also identify the type and level of assistance that you anticipate will be needed from the staff of PERS and the consulting actuary, including: assistance to understand the operations and records of PERS; assistance to understand the actuarial assumptions, method, and procedures; and assistance to access, obtain, and analyze information needed for the audit. The description of the proposed methodology shall also identify meetings, interviews, programming support, space needs, etc., that you anticipate requiring from PERS and the consulting actuary.

Each proposal shall also include one or more examples of work product(s) from actuarial valuations or audits that may help to illustrate the proposed methodology and final work product.

Each proposal shall provide an estimated date that the final report will be submitted and the projected timeline or the anticipated work requirements and milestone dates to reach that date.

4.6 ADDITIONAL INFORMATION

It is permissible to include additional information that will be helpful to gain an understanding of the proposal. This may include diagrams, excerpts from reports, or other explanatory documentation that would clarify or substantiate the proposal. Any material included here should be specifically referenced elsewhere in the proposal.

4.7 GLOSSARY

Each proposal shall provide a glossary of all abbreviations, acronyms, and technical terms used to describe the services or products proposed. This glossary should be provided even if the terms are described or defined when first used in the proposal response.

4.8 COST INFORMATION

The pricing summary should include a breakdown of costs per element listed under *Scope of Audit*, including: personnel costs (including hourly rates and estimated hours for professional and clerical staff assigned to the audit); travel and lodging; data processing costs; materials, and any other potential costs. The cost estimates in the pricing summary must include all necessary charges to complete the audit and must be a "not to exceed" figure.

V. *Evaluation of Proposal*

Proposals will be evaluated across the categories listed in *Section IV: Organization, Format, and Content of Proposal* of this RFP using a scoring system that will total 100 points. An ORSC subcommittee and ORSC staff will preliminarily evaluate and score the responses and provide a recommendation to the ORSC. The ORSC will award the project through its evaluation of the responses, in conjunction with the subcommittee's recommendation and subsequent interviews by the ORSC as a whole.

The following table provides a listing of the major categories of evaluation and the relative importance of each category:

Proposal Summary	20 points
Capabilities and Experience	20 points
References	10 points
Staff Qualifications	25 points
Methodology, Work Product, and Timeline	15 points
Cost[1]	10 points
Total Possible Score	**100 points**

VI. Duration of Contract

The contract shall be for the period of time necessary to complete the services requested in this RFP.

VII. Terms of the Proposal

The ORSC reserves the right to accept or reject any or all proposals and to negotiate the terms of any contract that may result from the proposal. Any contract resulting from this RFP shall be governed by and in accordance with the laws of Ohio. Before any work can commence under the initial contract, final approval must be given by the ORSC.

In evaluating the proposals, cost will not be the sole factor. The ORSC reserves the right to request additional information from the responding firms after the proposal receiving date and deadline for submission of the RFP. All proposals submitted shall become the property of the ORSC and shall not be subject to public inspection until the negotiation process is concluded either by award of a contract or at the discretion of the ORSC. All proposals will be subject to all applicable public records policies. Those firms wishing to be considered must complete the proposal as outlined above.

[1] A firm shall receive points based on cost by dividing the lowest bid by that firm's bid, and multiplying the quotient by the maximum number of points available. Points will be deducted if the cost does not follow the requirements imposed by paragraph 4.8 of the RFP.

Failure to comply with or failure to complete any part of the proposal may result in rejection of the entire proposal.

Responding firms selected as finalists may be required to appear before the ORSC, at their own expense, for an interview prior to awarding the contract. Dates for interviews will be determined by the advisory subcommittee of the ORSC. The ORSC specifically reserves the right to vary all provisions set forth herein at any time prior to execution of a contract when the ORSC deems it to be in the best interest of the ORSC. The ORSC is not responsible for any costs incurred by the responding firms prior to the execution of the contract.

By submitting a proposal, the applicant warrants and certifies that:

- It is eligible for award of a contract by the Attorney General's Office, pursuant to Ohio Revised Code Sections 9.24, 125.11, 125.25, and 3517.13.
- It has familiarized itself with the ethics statutes governing state employees and appointees, including those concerning employment of former government employees, gifts and lobbying.
- Applicant, any subcontractor, and any person acting on behalf of applicant or a subcontractor, shall not discriminate, by reason of race, color, religion, sex, age, genetic information, disability, military status, national origin, or ancestry against any citizen of this state in the employment of any person qualified and available to perform the work under any contract resulting from this RFP.
- It has read the RFP, understands it, and agrees to be bound by its requirements.
- If awarded a contract arising out of this RFP, it shall negotiate such contract in good faith, which contract shall be in a form provided by the Attorney General's Office.
- It has not included any legal terms or conditions for the contract in its proposal.