

PUBLIC PENSION OVERSIGHT BOARD
2021-2022 ACTUARIAL AUDIT UPDATE
December 20, 2021

Purpose for Issuing the Request for Information:

- Permit greater public discussion before the PPOB
- Determine the pool of interested actuarial firms
- Seek proposed solutions for how to accomplish the task
- Provide information to assist in tailoring a scope of work (i.e. RFP)

Summary of Responses to the Request for Information:

- Six (6) actuarial firms responded.
- Five (5) firms have experience providing actuarial consulting services to large, statewide public pension plans.
- None of the firms responding are currently providing actuarial services to a Kentucky state-administered retirement system. No actuarial firm under contract with KPPA, TRS, or JFRS responded.
- Most responses recommend a Level 1 full-scope actuarial audit of the systems under the circumstances presented in the RFI.
 - Most thorough way to evaluate reliability of the assumptions
 - Full replication/reproduction of the actuarial analysis conducted
 - Inaugural actuarial audit for PPOB
 - Best for:
 - Change in actuaries
 - Significant plan changes
 - Significant assumption changes since the last full-scope audit
- However, the firms agreed that a Level 2 limited-scope audit would be appropriate for:
 - Systems that have retained the same actuary; and
 - Limited plan/assumption changes since the system's previous audit.
- Time: Consensus was that a Level 1 full-scope actuarial audit of the systems could be conducted and completed over a 6-month period.
- Cost:
 - Level 1 Full-Scope Audit
 - \$150,000 – \$250,000+
 - Level 2 Limited-Scope Audit
 - \$50,000 - \$180,000+