**QUESTIONS AND ANSWERS FOR ACTUARIAL CONSULTING SERVICES BID (GEPF 05/2017)**.

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| **NO** | **QUESTION** | **ANSWER** |
| **1** | With regards to the estimated hours shown on page 10 per task – are these the estimated hours spent per task per year or the total estimated hours over the 5 year period? For the statutory valuation, if the hours represent the estimated time spent over 5 years, does this represent the time for one valuation or for both valuations? | The estimated hours are for one year, per project. Bidders can estimate the costs for Year One and then assume an annual increase of 6% per annum for subsequent years. 6% is the estimated maximum annual CPI based on the Reserve Bank inflation target range of 3%-6%.  Statutory actuarial valuations will be carried out as at 31 March 2018, 31 March 2020 and 31 March 2022. |
| **2** | When is the effective date of the appointment i.e. when would we start working on the client should we be successful in the bid? | The effective date of the appointment will be 1 April 2018 |
| **3** | How many decrement and salary investigations are expected, and when would the first project commence? | The decrement and salary investigation will take place on an ad hoc basis subject to Board approval. Bidders can assume that one such investigation will take place over the 5 year period in year 3 with the period of investigation starting from year 2013. |
| **4** | How many meetings are expected per year, and roughly when during the year will these meetings be held? | There are a minimum 8 meetings per annum (four with the Board of Trustees, four with the Benefit Administration Committee – each held once per quarter). Other meetings will be held with GEPF and GPAA management throughout the year. Bidders must use the estimated number of hours given on the table. |
| **5** | Over the five year period of the contract, will be need to perform 2 or 3 statutory valuations, as we understand it each statutory valuation is done every 2 years. | Assume three statutory valuations over the five year period. |
| **6** | We don’t see it in the tender, but does the fund perform a mortality investigation exercise on the pensioners of the Fund? Will this be a requirement over the next 5 years if the fund does perform this exercise? | The mortality investigation forms part of the decrement and salary investigation referred to above. |
| **7**  **8** | How many fully qualified actuarial professionals (i.e. completed their actuarial examinations) does the GEP Fund employ?  What is their number of years of professional experience in actuarial work, specifically with retirement funds, both inside and outside of the GEP Fund?  Who is the lead actuarial professional at the GEP Fund that we will be our main point of contact?  Is that person d9edicated towards actuarial work?  What is their level of actuarial experience and qualification with recognised actuarial bodies? | None currently.  The Fund employs an actuarial manager who is dedicated towards actuarial work. The individual’s credentials, along with all relevant GEPF organisational structures and information, can be discussed with the winning bidder at contracting stage. |
| **9** | Are any actuarial calculations performed internally by the GEP Fund's actuarial professionals?  Would we be expected to provide checks and verifications on this work?  What percentage of actuarial work at the GEP Fund is carried out internally vs. that performed by third party service providers? | The bidders should focus on the activities listed in the RFP and provide fee estimates on that basis for the purposes of the tender at this stage. |
| **10** | Do you require our three largest funds worked on as an actuary in terms of membership or size of fund in Rands?  Both | Both |
| **11** | Are there any plans to significantly alter the benefit structure of the GEP Fund? Or even move the GEP Fund from a defined benefit fund to a defined contribution fund? | There are no imminent plans to significantly alter the benefit structure. |
| **12** | How often does the Benefits and Administration Committee meet each year?  How much of the work for each of these meetings is expected to be prepared by the actuarial professionals within the GEP Fund as compared to that expected by the third party service provider? | The Committee meets four times per year. There might be one or two special ad hoc meetings. As indicated on page 10 of the RFP, the GEPF and the service provider will agree on the fee structure before commencement of the appointment. The agreement will consider the proposed fee structure as well as other major GEPF-specific projects not mentioned in the RFP. |
| **13** | As part of the tender process, would the GEP Fund's previous actuarial valuation reports be made available to bidding service providers or published on the GEP Fund's website.  We believe that this would beneficial to get a comprehensive idea of the GEP Fund's actuarial position and any other areas and will influence the tender price. | Please check the GEPF website and the Fund’s annual report. Any information that is not contained in those documents is not in the public domain. |
| **14** | Will there be a public opening of the bids? If so, where and when will this take place? | NO |
| **15**  **16** | With regards to the pricing template on pg 10, please advise how you would like inflation to be taken into account. This was also raised as a question during the briefing session. | Please assume a 6% per annum inflation increase. 6% is the estimated maximum annual CPI based on the Reserve Bank inflation target range of 3%-6%. We recognise that actual inflation may differ from year to year, however we would like all bidders to base their estimates on the same assumptions for ease of comparison in our evaluation of the responses to the tender. |
| **17** | The Pricing schedule on page 10 (SBD3.1) allows for price adjustments, do you prefer a standard price adjustment rate? What would that be? | Bidders can estimate the costs for Year One and then assume an annual increase of 6% per annum for subsequent years. 6% is the estimated maximum annual CPI based on the Reserve Bank inflation target range of 3%-6%. |
| **18** | A point raised was how to average the cost input in the schedule for Senior Actuary/Valuator – one way would for the bidder to indicate the time split eg. 60% Senior Actuary hourly rate/40% Valuator hourly rate for instance – do you want a standard split though, and what would that be? | Bidders should base their estimates on the number of hours given on the table on page 10. For example, for the statutory actuarial valuation, assume 850 hours for the junior student *and* 300 hours for the senior student *and* 175 hours for the actuary/valuator.  If a bidder would like to give further/different details of the proposed fee structure (including annual adjustments), this information can be attached to their submission. However, the table on page 10 must be used in order to achieve as generic a fee structure as possible to facilitate comparison for the purposes of this tender. |
| **19** | The format of the pricing schedule can be reproduced on spreadsheet but duly signed, so that we can input more detail? | That will be fine. However, the final submission must be printed. |
| **20** | A point raised was how to average the cost input in the schedule for Senior Actuary/Valuator – one way would for the bidder to indicate the time split eg. 60% Senior Actuary hourly rate/40% Valuator hourly rate for instance – do you want a standard split though, and what would that be? | A split of 50% senior actuary and 50% valuator should be applied. In other words, the average rate for the actuary and the valuator should be used to arrive at the overall fee.  If a bidder would like to give further details of their proposed fee structure, this information can be attached to their submission. However, the table on page 10 must be used in order to achieve as generic a fee structure as possible to facilitate comparison for the purposes of this tender. |