

REQUEST FOR PROPOSALS
FOR
ACTUARIAL CONSULTING SERVICES
FOR
THE
RETIREMENT SYSTEMS OF ALABAMA
FOR
FISCAL YEARS
2026 THROUGH 2030
RFP 25-008

Issue Date: April 25, 2025

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SECTION I—GENERAL INFORMATION FOR THE PROPOSER

A. PURPOSE:

The purpose of this Request for Proposals (RFP) is to solicit proposals from qualified actuarial firms to provide a range of actuarial consulting services and ad hoc consulting to the Retirement Systems of Alabama (RSA). Services consist of, but are not limited to, Annual Actuarial Valuations, Experience Studies, and GASB 67/68 Disclosure Statements for the Teachers' Retirement System of Alabama (TRS), Employees' Retirement System of Alabama (ERS), Judicial Retirement Fund of Alabama (JRF) and Clerks and Registers Supernumerary Fund (C&R) for the 2026 – 2030 Fiscal Years.

B. BACKGROUND:

The Teachers' Retirement System, Employees' Retirement System and Judicial Retirement Fund, collectively referred to as the Retirement Systems of Alabama (RSA or Systems), share certain executive personnel, investment management, accounting, other professional and information system services, the costs of which are allocated to the funds on an equitable basis.

The TRS, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control.

Code of Alabama (1975) §16-25-19(n) requires the TRS Board of Control designate an actuary to provide advice on matters regarding the operation of TRS funds and perform other duties as required in connection with other provisions of *Section 19*.

Code of Alabama (1975) §16-25-19(p) requires the designated actuary perform actuarial investigations into the mortality, service, and compensation experience of the members and beneficiaries of the Teachers' Retirement System. These experience investigations will be completed at least once in each five-year period.

Code of Alabama (1975) §16-25-19(q) requires the designated actuary perform annual valuations, based on tables adopted by the TRS Board of Control, of assets and liabilities of TRS funds.

Code of Alabama (1975) §16-25-21(2)(b) requires the designated actuary determine the uniform and constant percentage of earnable compensation of the average new entrant which, if contributed on the basis of his or her compensation throughout their entire period of average service, would be sufficient to provide for the payment of any pension payable on his or her account. This contribution rate, also known as the "normal contribution" rate, will be determined by the actuary after each TRS annual valuation.

Code of Alabama (1975) §16-25-21(2)(c)(1) requires the designated actuary determine the accrued liability contribution rate on the basis of each actuarial valuation as the percent of total annual compensation which will be sufficient to liquidate the unfunded accrued liability over a period determined by the TRS Board of Control.

Code of Alabama (1975), §16-25-21(2)(c)(2) requires the designated actuary compute the unfunded accrued liability as the total liabilities of the TRS system which are not dischargeable by the assets of the Annuity Savings Fund, Pension Accumulation Fund and present value of normal contributions. For purposes of computing the unfunded accrued liability, the value of assets will be calculated by the actuary using a five-year smoothed market value.

Code of Alabama (1975) §16-25-28 requires all proposed legislation affecting the Teachers' Retirement System be accompanied by an actuarial estimate of the cost involved in such proposed legislation.

The ERS, an agent-multiple employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. Assets of the ERS are pooled for investment purposes. However, separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of its employees only. The responsibility for the general administration and operation of the ERS is vested in its Board of Control.

Code of Alabama (1975) §36-27-23(m) requires the ERS Board of Control designate an actuary to provide advice on matters regarding the operation of ERS funds and perform other duties as required in connection with other provisions of *Section 23*.

Code of Alabama (1975) §36-27-23(o) requires the designated actuary perform actuarial investigations into the mortality, service, and compensation experience of the members and beneficiaries of the Employees' Retirement System. These experience investigations will be completed at least once in each five-year period.

Code of Alabama (1975) §36-27-23(p) requires the designated actuary perform annual valuations, based on tables adopted by the ERS Board of Control, of assets and liabilities of ERS funds.

Code of Alabama (1975) §36-27-24(c) requires the designated actuary determine the uniform and constant percentage of earnable compensation of the average new entrant which, if contributed on the basis of his or her compensation throughout their entire period of average service, would be sufficient to provide for the payment of any pension payable on his or her account. This contribution rate, also known as the "normal contribution" rate, will be determined by the actuary after each ERS annual valuation. The designated actuary is also required to determine the accrued liability contribution rate on the basis of each actuarial valuation as the percent of total annual compensation which will be sufficient to liquidate the unfunded accrued liability over a period determined by the ERS Board of Control. The unfunded accrued liability will be computed by the designated actuary as the total liabilities of the ERS system which are not dischargeable by the assets of the Annuity Savings Fund, Pension Accumulation Fund and present value of normal contributions. For purposes of computing the unfunded accrued liability, the value of assets will be calculated by the actuary using a five-year smoothed market value.

Code of Alabama (1975) §36-27-26 requires all proposed legislation affecting the Employees' Retirement System be accompanied by an actuarial estimate of the cost involved in such proposed legislation.

The JRF, a cost-sharing multiple-employer public employee retirement plan, was established as of September 18, 1973, pursuant to the *Code of Alabama 1975, Title 12, Chapter 18* (Act 1163 of the Legislature of 1973) for the purpose of providing retirement allowances and other specified benefits for any Justice of the Supreme Court of Alabama, Judge of the Court of Civil Appeals, Judge of the Court of Criminal Appeals, Judge of the Circuit Court, or office holder of any newly created judicial office receiving compensation from the State Treasury. The *Code of Alabama 1975, Title 12, Chapter 18, Articles 3 & 4* (Act 1205 of the Legislature of 1975) enlarged the scope and coverage of the JRF to include District and Probate Judges, respectively. The responsibility for the general administration and operation of the JRF is vested in the Board of Control of the ERS.

Code of Alabama (1975) §12-18-2(a) places JRF under the supervision of the Board of Control of the Employees' Retirement System; the board will be the trustee of JRF funds and will handle those funds in the same manner and pursuant to the same rules and regulations that it handles funds in the Employees' Retirement System.

On March 1, 2016, Alabama Judicial Measure Amendment 1 was passed to authorize the legislature to establish the Judges' and Clerks' Plan for retirement for justices, judges, and circuit clerks. Any justice of the Supreme Court, judge of the Court of Civil Appeals, judge of the Court of Criminal Appeals, circuit judge, district judge, probate judge, or circuit clerk who is not a member of the Judicial Retirement Fund or Clerks' and Registers' Supernumerary Fund on November 7, 2016 and who is first elected or appointed to his or her position on or after November 8, 2016 will participate in the Judges' and Clerks' Plan. This amendment also authorizes the legislature to establish the District Attorneys' Plan for retirement for district attorneys who are first elected or appointed on or after November 8, 2016. The Judges' and Clerk's Plan and District Attorneys' Plan will be established under the Judicial Retirement Fund.

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS, ERS, and JRF. TRS and ERS members become eligible to receive retirement benefits after 10 years of creditable service. Teachers and state employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or who retire with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or who retire with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS and ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS and ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS and ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

JRF members become eligible to receive retirement benefits after varying periods set by statute. Except for justices or judges who were either disabled, elected prior to July 30, 1979, or have at least 25 years of creditable service, no justice or judge is eligible to receive judicial service retirement pay prior to attaining age 60. Service retirement benefits for justices and judges are dependent upon the particular office held in the judicial branch of government. A retirement benefit is payable upon the request of any member who has: (1) 25 years of creditable service (regardless of age), (2) completed 12 years of creditable service and has attained age 65, (3) completed 15 years of creditable service and whose age plus service equals or exceeds 77, (4) completed 10 years of creditable service and has attained age 70 or (5) been elected prior to July 30, 1979, and has 18 years of service (regardless of age). A member eligible to retire who has not requested his or her retirement benefit to commence at the end of the term in which the member's 70th birthday occurs is entitled only to the refund of his or her contributions (except for members with at least 25 years of creditable service). The service retirement benefit for circuit, appellate, and probate judges is 75% of the member's salary at the time of separation from service. The service retirement benefit for a district judge is 75% of the position's salary immediately prior to retirement.

Act 132 of the Legislature of 2019 provided that local employers participating in the ERS pursuant to the Code of Alabama 1975, Section 36-27-6 could elect to provide their Tier 2 members with the same retirement benefits provided to their Tier 1 members. Any local participating employer who elects to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members may do so by adoption of a resolution within 24 months of the effective date of Act 2019-132. The effective date of Act 2019-132 was May 8, 2019, giving local participating employers until May 8, 2021, to make such election. Act 2019-132 also provided that the ERS Board of Control could deny a local participating employer's election based on a review by RSA Staff of the local participating employer's historical compliance with ERS requirements as well as the financial stability of the local participating employer. Any local participating employer whose election is denied may petition the ERS Board of Control for a reconsideration within the 24-month period from the effective date of Act 2019-132. Once a local participating employer elects to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members, its election is irrevocable and becomes effective at the beginning of the fiscal year following the date that the ERS receives a local participating employer's resolution. Any local participating employer electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members who has not increased its Tier 1 members' contribution rates as provided in Act 676 of the Legislature of 2011 is required to develop a plan to gradually increase its members' contribution rates. The plan must be submitted to the ERS prior to a local participating employer submitting a resolution electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members. Beginning in the month that a local participating employer's election becomes effective, its Tier 2 members (except Tier 2 members who are certified law enforcement, correctional officers, and firefighters) will contribute 7.50% of earnable compensation to the ERS. Tier 2 certified law enforcement, correctional officers, and firefighters will contribute 8.50% of earnable compensation to the ERS. Act 2019-132 was amended by Act 348 of the Legislature of 2022. Act 2022-348 amended Act 2019-132 by removing the date limitation for any local participating employer to submit its resolution electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members. Act 2022-348 also amended Act 2019-132 by removing the date limitation for a local participating employer to petition the ERS Board of Control for a reconsideration if the ERS Board of Control denied its election to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members.

Alabama Judicial Measure Amendment 1 establishes employee and employer contribution rates and retirement requirements for judges, justices, district attorneys and circuit clerks who are first appointed or elected on or after November 8, 2016. The new plans will require employees to

contribute 8.5% of their annual salary to their respective retirement fund. Added to the employee contribution will be a separate employer contribution equal to a percentage of the employee's annual salary; the employer contribution percentage will be based on actuarial valuations. An employee is able to draw retirement benefits no earlier than age 62, and only if the employee has ten or more years of service. District attorney's and circuit clerk's retirement benefit will be calculated as 3% of their average final compensation (highest 5 of last 10 years) for each year of service, not to exceed 80% of average final compensation. Judge's and justice's retirement benefit will be calculated as 4% of their average final salary for each year of service, not to exceed 75% of average final compensation.

Covered members of the TRS and ERS (except State Police and certified law enforcement, correctional officers, and firefighters) contributed 5% of earnable compensation to the TRS and ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS and ERS (except State Police and certified law enforcement, correctional officers, and firefighters) were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS and ERS (except State Police and certified law enforcement, correctional officers, and firefighters) are required by statute to contribute 7.50% of earnable compensation. JRF members and certified law enforcement, correctional officers, and firefighters of the TRS and ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, JRF members and certified law enforcement, correctional officers, and firefighters of the TRS and ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, JRF members and certified law enforcement, correctional officers, and firefighters of the TRS and ERS are required by statute to contribute 8.50% of earnable compensation. State Police members of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the TRS and ERS (except State Police and certified law enforcement, correctional officers, and firefighters) contribute 6% of earnable compensation to the TRS and ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS and ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contribution rates are the same for Tier 2 covered members of ERS local participating employers.

The Clerks and Registers Supernumerary Fund, a cost-sharing multiple-employer defined benefit pension plan, was established as of October 1, 1977 and placed under the management and control of the Employees' Retirement System of Alabama pursuant to *Code of Alabama 12-17-143*. The C&R includes contributions and interest earned from the contributing active members and vested/non-vested members who have not withdrawn funds. Contributions are made by the circuit clerks and registers who have elected the provisions as outlined in *Code of Alabama 12-17-143*. Circuit clerks and registers who fall under these provisions must contribute 6% of their total annual compensation to the fund. Active member contributions are sent to RSA twice per month. When a member becomes eligible (meets age and service requirements) for "supernumerary" status, they receive 75% of the total annual compensation that they were receiving when they became a supernumerary official. Benefit payments to supernumerary officials are made by the Administrative Office of Courts on a "pay as you go" basis. Eligibility requirements are 23 years of service at any age or: 18 years of service at age 55 to 59, 17 years of service at age 60, 16 years of service at age 61, 15 years of service at age 62 to 64, 12 years of service at age 65 to 69, 10 years of service at age 70 or older.

Code of Alabama (1975) §12-17-143(3) places the Clerks' and Registers' Supernumerary Fund under the management and control of the Employees' Retirement System. The Secretary-Treasurer of the

Employees' Retirement System is charged with the responsibility for investment of the fund and for the development and maintenance of administrative procedures involving member records, benefits, investment of funds, and other administrative functions necessary to the operation of the Clerks' and Registers' Fund.

At September 30, 2024, the number of participating units in each system was as follows:

	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>	<u>C&R</u>
Cities	-	311	-	-
Counties	-	66	67	67
Other Public Entities	-	513	-	-
Universities	13	-	-	-
Postsecondary				
Institutions	25	-	-	-
City and County				
Boards of Education	139	-	-	-
State Agencies & Other	44	1	1	-
Totals	<u>221</u>	<u>891</u>	<u>68</u>	<u>67</u>

At September 30, 2023, the date of the most recent actuarial valuation, membership consisted of:

	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>	<u>C&R</u>
Retirees and beneficiaries currently receiving benefits:				
General	105,549	25,112	459	96
State Police	-	994	-	-
Employees of Local Employers	-	30,637	-	-
Terminated employees entitled to benefits but not yet receiving benefits:				
General	29,312	7,191	11	-
State Police	-	58	-	-
Employees of Local Employers	-	20,975	-	-
Non-vested inactive members who have not Contributed for more than 5 years	34,892	24,362	25	3
Active Employees:				
General	135,783	26,656	372	45
State Police	-	724	-	-
Employees of Local Employers	-	57,317	-	-
Totals	<u>305,536</u>	<u>194,026</u>	<u>867</u>	<u>144</u>

C. DESCRIPTION OF THE RSA'S MANAGEMENT:

The TRS and ERS have jointly employed the Secretary-Treasurer as the Chief Executive Officer (CEO) and several other administrative personnel. This has allowed greater efficiencies by consolidating

operations of the systems by function. Other information about the Retirement Systems of Alabama can be found at www.rsa-al.gov.

D. OTHER INFORMATION:

Additional terms and conditions applicable to, and hereby incorporated within, this RFP and all proposals submitted in response to this RFP are located at <https://www.rsa-al.gov/about-rsa/itb-rfp/> and titled:

- RSA Reservation of Rights and Requirements for ITBs and RFPs
- RSA Standard Terms and Conditions for Solicitations and Contracts
- RSA Procedures for Resolution of Controversies

By submitting a proposal, all proposers are deemed to have agreed to all terms and conditions included within the above documents unless a proposer provides RSA with a document clearly stating its exceptions to any term or condition, along with a detailed justification therefor.

Other documents that are considered as part of this RFP may be located via the Internet as follows:

<http://www.rsa-al.gov/index.php> - RSA home page

1. Retirement Systems of Alabama Annual Comprehensive Financial Report
2. TRS Actuarial Report prepared as of September 30, 2023
3. ERS Actuarial Report prepared as of September 30, 2023
4. JRF Actuarial Report prepared as of September 30, 2023
5. C&R Actuarial Report prepared as of September 30, 2024
6. GASB Reports prepared as of September 30, 2024

E. PROPOSAL OPENING:

Please submit six printed copies, along with one (1) optional redacted copy (see below for redaction requirements), and a digital copy on a USB drive in a sealed wrapper with the following plainly marked on the front:

ACTUARIAL CONSULTING SERVICES

RFP 25-008

OPENING June 20, 2025

Proposals will be sent to:

Via UPS or FedEx:

Diane E. Scott, CPA
Chief Financial Officer
Retirement Systems of Alabama
201 South Union Street
Montgomery, Alabama 36104-0001

Via US Mail:

Diane E. Scott, CPA
Chief Financial Officer
Retirement Systems of Alabama
PO Box 302150
Montgomery, Alabama 36130-2150

Proposals may be hand delivered to Room 792 of the Retirement Systems Building, 201 South Union Street, Montgomery, Alabama. Proposals will be accepted until 3:00 p.m. on June 20, 2025 and opened at that time. Proposals will not be accepted after this time. The RSA reserves the right (but has no obligation) to reject any and all responses to this RFP, to waive minor variances in proposals, and to modify the RFP or extend its timeline. Questions related to this RFP may be addressed to Taylor Benefield at taylor.benefield@rsa-al.gov. Questions must be received by 3:00 p.m., May 9, 2025.

All responses to this solicitation may be subject to public disclosure upon request. Proposers should be aware of the Open Records Act (Ala. Code §36-12-40), the Alabama Trade Secrets Act (Ala. Code §8-27-1 to 8-27-6), and the Public Record Status of Certain Procurement Information statute (Ala. Code §41-4-115).

Any response submitted that contains confidential, trade secret, or proprietary commercial information must be clearly marked on the outside as containing confidential information, and each page upon which confidential information appears must be clearly marked as such. Identification of an entire proposal as confidential is not acceptable unless the proposer states in detail the specific grounds and applicable laws which support treatment of the entire material as protected from disclosure.

The owner of the information marked as confidential shall indemnify and hold RSA, and any of its officers, agents, and employees harmless from all costs or expenses including, but not limited to, attorney fees and expenses related to litigation concerning any disclosure or non-disclosure of said information and documents.

RFP Timetable

RFP Issued	April 25, 2025
Deadline for receipt of questions	May 9, 2025, 3:00 p.m. CST
Issue responses to questions	May 16, 2025
Proposals Due	June 20, 2025, 3:00 p.m. CST
Conduct Finalist Interviews	June 23 - 26, 2025
Award Contract	June 27, 2025

F. DELIVERY SCHEDULE:

Service Provided	Date to Deliver
ERS Local GASB 68 Disclosure Statements	March 1 following fiscal year end
TRS and JRF GASB 68 Disclosure Statements	April 1 following fiscal year end
TRS, ERS, JRF and C&R Actuarial Valuations	May 1 following fiscal year end
ERS Local Actuarial Valuations	July 1 following fiscal year end
TRS, ERS and JRF GASB 67 Disclosure Statements	November 15 following fiscal year end
C&R GASB 73 Disclosure Statements	June 1 following fiscal year end
TRS, ERS and JRF 2026 – 2030 Actuarial Experience Studies	June 1, 2031

*Fiscal Year: 10/1 – 9/30

G. PAYMENT SCHEDULE:

Payments for services will be made no more frequently than monthly, based upon the firm's billings for the actuarial valuations and other consulting services as required. Separate billings are required for the Annual Valuations and other Actuarial Services and must be separated into billings for TRS, ERS, JRF and C&R. RSA requires payment terms to be payable 30 days from receipt of invoice.

H. SELECTION OF FIRM:

The RSA expects to employ the successful proposer. All responding vendors will be notified of RSA's decision in writing within a reasonable length of time following the selection. Prior to the selection, one or more firms may be requested to make oral presentations to the evaluation committee. All proposals shall become the property of the RSA.

I. ECONOMY OF PREPARATION:

Proposals should be prepared simply and economically and provide a concise description of the Proposer's response to the requirements of this RFP. Emphasis should be on clarity. The RSA will not be responsible for any costs incurred by any Proposer in the preparation of a proposal or in relation to any presentations(s) to the evaluation committee.

J. NEWS RELEASES:

News releases pertaining to this RFP or the actuarial services to which it relates will be made only with prior written approval of RSA's CEO or his representative.

K. ADDENDA TO THE RFP:

RSA reserves the right to modify this RFP in accordance with the provisions contained herein. Any modifications made to the RFP prior to proposal due date will be provided in writing on the RSA website: <http://www.rsa-al.gov/index.php/about-rsa/itb-rfp/>.

L. CONTACT POINT:

Any questions that arise concerning this RFP may be directed to Taylor Benefield at taylor.benefield@rsa-al.gov.

M. MINIMUM EXPERIENCE QUALIFICATIONS:

To be considered for the actuarial consulting services described in this RFP, both the firm and primary actuary must meet the following minimum experience qualifications:

- The Primary (supervising) actuary must meet the American Academy of Actuaries Qualification Standards and be a Fellow of the Society of Actuaries (FSA) or an Associate of the Society of Actuaries (ASA).
- The Primary (supervising) actuary should also have significant experience preparing actuarial valuations, experience studies, GASB 67/68 Disclosure Statements and other consulting services for public-sector defined benefit retirement plans.
- Performed annual valuations for the most recent three (3) consecutive years for two public sector pension plans, each with at least \$8 billion in assets and 85,000 or more active and retired members.
- Performed actuarial valuations for all of the above clients whereby the statistical data and reports have been included in at least three (3) Comprehensive Financial Reports where the reports received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.
- Performed at least five (5) annual valuations within the last five (5) years for an agent multiple employer plan, each with at least \$8 billion in assets and 85,000 or more active and retired members.
- Performed at least three (3) experience studies within the last five (5) years for public sector pension plans, each with at least \$8 billion in assets and 85,000 or more active and retired members.
- Performed at least two (2) GASB 67/68 Disclosure Statements within the last two (2) years for public sector pension plans, each with at least \$8 billion in assets and 85,000 or more active and retired members, one of which must be a cost sharing plan and one must be an agent multiple plan.

N. STATE OF ALABAMA CONTRACT REQUIREMENTS

The State of Alabama requires all providers of professional services to submit a Disclosure Statement with each contract. Accordingly, the Disclosure Statement included in Section V of this Request for Proposals (RFP) must be completed and submitted with the proposal.

The State of Alabama requires that state agencies and political subdivisions entering into contracts as defined under section 31-13-9(l) have an affirmative duty to ensure that the language set out in section 31-13-9(k) is included in each contract and that contractors entering into such contracts provide appropriate verification that they have enrolled in E-Verify and have complied with its requirements. Accordingly, the Immigration Compliance Certificate included in Section V of this Request for Proposals (RFP) must be completed and submitted with each vendor's proposal.

The State of Alabama requires all contracts to contain certain language in a specific format. This language is included in the Contract shell in Section V.

O. CONFIDENTIALITY

All material and information received by any proposer, including the successful proposer shall be kept confidential by the proposer(s) unless disclosure is specifically authorized in writing by RSA. Confidential information may not be used by any proposer or successful proposer except in the fulfillment of a contract resulting from the RFP, and must be kept confidential and handled in conformity with all applicable federal and state laws.

Successful Proposer must sign a Non-Disclosure Agreement (NDA) with RSA. See Attached NDA in Section V.

Proposals may be subject to disclosure and/or reproduction under Alabama law once a contract has been awarded.

SECTION II—NATURE OF SERVICES REQUIRED

A. Purpose

The purpose of this Request for Proposals (RFP) is to solicit proposals from qualified actuarial firms to provide a range of actuarial consulting services and ad hoc consulting to the Retirement Systems of Alabama (RSA). Services consist of, but are not limited to, Annual Actuarial Valuations, Experience Studies, and GASB 67/68 Disclosure Statements for the Teachers' Retirement System of Alabama (TRS), Employees' Retirement System of Alabama (ERS), Judicial Retirement Fund of Alabama (JRF) and Clerks and Registers Supernumerary Fund (C&R) for the 2026 – 2030 Fiscal Years.

B. Required Services

The following services are to be provided:

1. Annual Actuarial Valuations for Funding Purposes are to be performed for TRS, ERS, JRF and C&R as of each September 30, beginning with the September 30, 2026 valuations. Valuations shall be prepared in accordance with Actuarial Standards of Practice and will determine funding status, funding requirements and recommend employer contribution rates. Such valuations shall consider the actual changes of economic and non-economic experience since the prior valuation.
2. Annual Actuarial Certification Letter, data exhibits and other necessary material for the Actuarial and Statistical Sections of the RSA Comprehensive Annual Financial Report (ACFR). The Annual Certification Letter, data exhibits and other necessary material for the Actuarial Section are located on pages 118 - 134 of the 2023 RSA ACFR. Schedules for the Statistical Section are located on pages 135 - 158 of the 2023 RSA ACFR.
3. Annual Actuarial Valuations for Reporting Purposes shall provide the necessary Total Pension Liability, Fiduciary Net Position, Net Pension Liability, Pension Expense and other

related disclosure information in compliance with Governmental Accounting Standards Board Statement Number 67. TRS, ERS and JRF use a measurement date of September 30.

4. Consulting Actuary shall also prepare the calculations of proportionate share, net pension liability by employer, pension expense and deferred inflows and outflows by employer along with related disclosures in compliance with Governmental Accounting Standards Board Statement Numbers 68 and 71. The actuary will also prepare and maintain the amortization schedules for each employer's deferred inflows and deferred outflows.
5. Prepare calculations of the total pension liability, pension expense and deferred inflows and outflows in compliance with Governmental Accounting Standards Board Statement Number 73.
6. In coordination with RSA accounting staff, prepare responses to questions and data request from RSA independent auditors regarding GASB 67 and 68 Valuation reports and the assumptions, methods and data used.
7. Perform an actuarial experience study for the 5-year period ending September 30, 2030 and prepare an actuarial investigation to consider economic and non-economic experience, assess appropriateness of assumptions and recommend potential changes in experience and contribution rates. Such recommendations include, but are not limited to, price inflation, investment return, payroll growth, retirement, withdrawal and disability experience of members and beneficiaries. Prepare an in-depth analysis of and provide a comprehensive model and methodology for developing an assumed rate of return to be used prospectively.
8. A firm (or firms), other than the firm selected as the System's Consulting Actuary, will perform a comprehensive review of the System's actuarial assumptions and methodology for reasonableness given financial objectives of the System. The review will also include an audit of the most recent actuarial valuation results. The selected Consulting Actuary will work cooperatively and be responsive to the audit firm (or firms) while they conduct their audit and develop their audit report.
9. Provide in-person presentations of, and public testimony on, all actuarial reports/issues to the TRS and ERS/JRF Boards of Control or other public bodies on any actuarial or actuarially-related issues arising from the course of operations of the Systems. The consulting actuary is required to attend at least 2 ERS/JRF Board of Control meetings per year and at least 2 TRS Board of Control meetings per year.
10. Consult and advise the Boards of Control on actuarial matters or questions, which arise out of or from the operations of the Systems. Services may be required in person, by telephone or by written correspondence.
11. Perform ad hoc calculations for the legislative or executive branches of the State of Alabama requests and advise RSA staff concerning such requests. Also perform any other ad hoc calculations and services reasonably requested by RSA.
12. Keep RSA informed of any significant regulatory, legal or legislative changes and trends with respect to the public pension industry or actuarial issues and the potential impact on the

System's funding and benefit structure. This may require providing estimates of the cost of potential changes in benefit provisions for multiple plans and groups.

13. In initial year of engagement prepare a complete replication of the TRS, ERS and JRF Actuarial Reports as of 9/30/2025 and TRS, ERS and JRF GASB 67/68 reports by October 29, 2026. This replication will be completed at the successful bidder's expense.
14. If any changes in law, regulation, industry standard or Board of Control requirements are enacted during the term of the Agreement that would require the assistance or services of an actuary, it is anticipated that those services will be conducted by the successful proposer as part of the contract resulting from this RFP.

SECTION III--INFORMATION REQUIRED FROM PROPOSERS

For any Proposal to be considered, the Proposer must submit the following information:

1. Background information of your firm including services it performs, ownership structure, the state in which your firm was formed or incorporated (and whether you are currently in good standing in the state in which you were formed or incorporated), whether your firm is qualified to transact business in the State of Alabama (and, if so, whether the firm is in good standing in Alabama), the size of your firm and the location of the staff that will perform the services. Discuss in detail the services your firm performs relative to the services required of this RFP.
2. Describe any material changes in organization structure or ownership that have occurred in the past five years.
3. Describe any recent or planned changes to the ownership or organization structure. Disclose any anticipated assignment of a contract resulting from this RFP.
4. Provide an organization chart that depicts the structure of the actuarial consulting group and that identifies this group's key members and the members who will be involved in providing direct services to RSA.
5. Describe the firm's objectives with respect to future growth. What products/services will be emphasized or de-emphasized in the future? What are the firm's expectations for its products, and how does it plan to manage the future growth of these products? Discuss how the firm plans to make sure that future growth does not compromise the quality of your existing actuarial consulting services. Include in your answer how you plan to manage growth in your client/actuarial consultant ratio.
6. Describe your firm's utilization of Artificial Intelligence in providing actuarial services to your clients. Disclose whether, what type, and to what extent, information owned by or related to RSA or its members would be uploaded or entered into any Artificial Intelligence tool or software utilized by your firm. Disclose whether the tool is private or public, whether the

tool is owned by your firm, and an overview of what your firm's relationship with the tool or software is.

7. Discuss in general the firm's competitive advantage over other firms in the actuarial consulting industry. Why should RSA hire your firm?
8. Has your firm or any actuary you employ, within the last ten years, been censured or fined by any judicial, governmental, or regulatory body? If so, please indicate the dates and describe the situation.
9. Is the firm affiliated with any other firm(s) offering non-actuarial services that could represent conflicts of interest? If yes, briefly describe your firm's policies and procedures for doing business with these affiliates while safeguarding against conflicts of interest.
10. List and describe any professional relationship your firm or any of your actuarial consulting group staff have with any member of the RSA Boards (TRS, ERS, JRF), RSA staff, or participating employers in TRS, ERS, or JRF.
11. How many actuaries does your firm employ?
12. For the key executives and professionals in the actuarial consulting group, including the Primary (supervising) Actuary and all Secondary Actuaries that would be assigned to RSA, provide a table that identifies the following information:
 - a. Name
 - b. Title
 - c. Responsibilities within the firm. If a person has multiple responsibilities, indicate the percentage of time spent on each function
 - d. Years of relevant experience
 - e. Years with the firm
 - f. Degrees and professional designations
 - g. Institution awarding each degree and designation
 - h. Publications authored
13. How long has the current group of key executives and professionals in your actuarial consulting group been together?
14. For the Primary Actuary and all Secondary Actuaries, state the length of time these individuals have all worked together as a team.
15. For the Primary Actuary and all Secondary Actuaries, list their actuarial valuation assignments for the past three years. Include for each assignment the date of the final report, whether the Actuary served as the primary or secondary Actuary, and the client's name, size and assets (number of pension plan members, retirants, participating employers (if applicable)) and plan assets.
16. For the Primary Actuary and all Secondary Actuaries, list their GASB 67/68 Disclosure Statement assignments for the past two years. Include for each assignment the date of the final report, whether the Actuary served as the primary or secondary Actuary, and

the client's name, size and assets (number of pension plan members, retirants, participating employers (if applicable)) and plan assets.

17. For the Primary Actuary and all Secondary Actuaries, list their actuarial experience study assignments for the past three years. Include for each assignment the date of the final report, whether the Actuary served as the primary or secondary Actuary, and the client's name, size and assets (number of pension plan members, retirants, participating employers (if applicable)) and plan assets.
18. For the Primary Actuary and all Secondary Actuaries, list experience with cost sharing and agent multiple employer plans. Include for each assignment the date of final report, whether the Actuary served as the primary or secondary Actuary, and the client's name, size and assets (number of pension plan members, retirants, participating employers (if applicable)) and plan assets.
19. For the Primary Actuary and all Secondary Actuaries that will directly provide services to RSA, state the role each would play in providing the required RSA services.
20. State for the Primary Actuary and each Secondary Actuary the total number of clients currently assigned to these individuals; describe what type of actuarial service is being provided.
21. Discuss the causes and impact of any executive and professional staff turnover (departures or hiring/promotions) in the actuarial consulting group that has occurred in the last five years. Provide a table listing all of the professionals that have departed from that group over the past five years. For each individual, provide the following information:
 - a. Date of departure
 - b. Name
 - c. Title
 - d. Responsibilities
 - e. Years with the firm
 - f. Reason for leaving
 - g. Name of replacement
22. Does the firm have a transition plan to deal with the possible sudden departure of key professionals within the group? Describe the plan.
23. Describe the specific methodology to be used for the required scope of services identified in Section II of this RFP.
24. Provide a timeline for completion of the work identified in Section II of this RFP. Include proposed dates for each key stage or event of the project, indicate dates by which your firm must have specific input data from RSA or its consulting actuary, and indicate points in the project when your firm would plan to meet with RSA staff at our office or via conference call.
25. Describe your firm's theory and methodology used in recommending an appropriate actuarial cost method for a public pension fund.

26. Describe your firm's theory and methodology for development of actuarial assumptions (except for the interest rate assumption, which is addressed separately).
27. Describe the methodology you use to formulate a pension fund's actuarial interest rate assumption. How may this methodology differ from client to client? Under what circumstances would you recommend TRS, ERS, and JRF change their interest rate assumption?
28. Describe your firm's approach to recommendations regarding the amortization of unfunded liabilities.
29. Describe your approach to measuring funded status and funding progress in order to facilitate the assessment of trends over several valuations of a client.
30. Describe the capabilities of your valuation system(s) and your computer system support.
31. Describe your quality control processes for actuarial valuation reports and recommendations. How are these services monitored and reviewed?
32. Describe your transition process from the current consulting actuary to your firm.
33. Describe any project approaches or ideas that you believe would enhance the quality of your services.
34. Confirm your willingness and ability to prepare replicated valuations and GASB 67/68 information for the 9/30/2025 valuation prior to beginning work on the 9/30/2026 valuations. This will be completed by October 29, 2026 at the successful bidder's expense.
35. Provide as Appendix A:
 - a. One recent actuarial valuation report for a cost sharing plan.
 - b. One recent actuarial valuation report for an agent-multiple employer plan.
 - c. One recent actuarial experience study for an agent-multiple employer plan.
 - d. One recent GASB 67/68 disclosure report for a cost sharing plan.
 - e. One recent GASB 67/68 disclosure report for an agent-multiple employer plan.
 - f. One recent GASB 73 disclosure report for a single employer plan.
 - g. One recent GASB 68 individual employer report for a cost sharing plan.
 - h. One recent GASB 68 individual employer report for an agent multiple plan.
 - i. One recent funding report for an employer participating in an agent multiple employer plan.
36. For the last five years provide the following data relating to client relationships where actuarial consulting services similar to the services required by this RFP have been or are being provided:
 - a. Total number of actuarial valuation clients
 - b. Total number of actuarial experience study clients
 - c. Total number of GASB 67/68 disclosure statement clients
 - d. Total number of public pension plan actuarial valuation clients
 - e. Total number of public pension plan actuarial valuation clients with a cost sharing plan

- f. Total number of public pension plan actuarial valuation clients with an agent- multiple employer plan (and number of participating employers)
- 37. For all current public pension plan clients, state the client's name, the first year of your initial contract with the plan, year end of the last valuation your firm completed and their asset and membership size as of the date of the last valuation completed. Designate by asterisk which of these clients are agent multiple-employer plans and provide number of participating employers.
- 38. Provide the name, title, address, and telephone number for the following six client references for whom your firm has provided full service actuarial consulting services for similar to this RFP, as specified in each question:
 - a. The client for whom your firm most recently completed an actuarial audit.
 - b. The client that most recently terminated your firm's full-service actuarial consulting contract.
 - c. The client with the longest full-service actuarial consulting relationship with your firm.
 - d. An agent multiple public pension plan client for whom your firm has provided full-service actuarial consulting for at least three years.
 - e. A full-service actuarial consulting client that has been assigned for at least two years to the Primary Actuary proposed for the RSA account.
 - f. The client for whom the Primary Actuary most recently completed an actuarial audit.
- 39. List all pension plan clients that have terminated their actuarial service contracts with your firm in the last five years. Include the client firm's name, size (number of pension plan members and retirants), date of contract termination, and reason(s) for contract termination.
- 40. Within the last five years, has your firm been notified by any actuarial consulting services client that your firm is in default of its contract, or that conditions exist endangering continuation of that contract? If so, state the client firm's name, year the notice was received, reasons for the notice, and resolution or current status of the relationship.
- 41. Provide the names of all public pension plan clients for whom you have performed actuarial valuations within the last five years.
- 42. Have your firm's actuarial consulting service products been audited by another actuarial firm within the last five years? If so, state the number of such audits and whether any resulted in revisions to your clients' annual valuation results, actuarial assumptions, or actuarial cost methods.
- 43. Would your firm propose to use any subcontracts in the provision of the required RSA services? If so, describe the specific services that would be subcontracted, the name of the subcontractor, the cost to your firm of these services, and how you would control the quality of services provided.
- 44. What investments has the firm made in information technology?

45. Do you have plans/arrangements in place for alternative work sites should either your headquarters facility or the facility that will primarily provide services to RSA become inoperative because of fire, earthquake, etc.? Briefly describe your emergency and disaster recovery plans. Include in your description your disaster recovery plans related to client data files.
46. How does the firm monitor and measure actuarial client satisfaction and actuarial audit satisfaction?
47. Discuss how the firm controls costs, quality, timeliness and confidentiality of its services, specifically the services required by this RFP.
48. Describe the resources your firm has that specifically address the needs of public pension fund clients.
49. Describe how fees are determined for your firm's actuarial auditing services.
50. The proposed fee should include administrative, third-party, travel, and all other costs. Please provide a statement that you understand this and that these have been included in the cost of the proposal and will not be billed separately.
51. Describe how your firm controls the cost of services rendered for a client.
52. Please provide a sample billing notification that RSA would likely receive.
53. Does your firm have a policy concerning the reduction in fees for performance of untimely services?
54. Disclose any disciplinary action or litigation taken against the firm or any member of the firm's staff regarding the provision of professional services. Disclose any felony convictions within the last five years of any members of the firm's professional staff. Disclose any bankruptcy filings of assignments for the benefit of creditors by or against the firm within the last five years.
55. Provide positive statement that the firm and assigned actuaries for this project have met each of the minimum qualifications set forth in Section I. M. Provide detailed explanation to support each item this assertion.
56. Provide resumes for the key personnel who will be assigned to this engagement.
57. Provide discussion that provides evidence of the Proposer's knowledge of the state, regional, and national public pension plan market.
58. In Section V of this RFP is a Contract Shell which includes contract terms required in all State of Alabama contracts. Review this contract shell and provide an affirmative statement that proposer will agree to the requirements for all State of Alabama contracts. In the event there are any provisions to which proposer does not agree, please provide proposed language. The acceptance by RSA of a proposal does not under any circumstances constitute an agreement by RSA to any terms provided by such proposer under this item.

59. In Section V of this RFP is a Non-Disclosure Agreement. Review this NDA and provide an affirmative statement that proposer will agree to sign the NDA upon contract award. In the event there are any provisions to which proposer does not agree, please provide proposed language.
60. Please provide any agreements or requirements proposer desires that RSA enter into. By accepting proposer's proposal, RSA is not agreeing to and accepting any terms provided by proposer under this item. In addition, the provision of any agreements or requirements under this item does not satisfy the requirement that proposers explicitly state any and all exceptions to RSA's proposal specifications or contract terms.
61. The cost proposal and technical proposal must be submitted in separate and clearly labeled envelopes. Please affirm your understanding of this requirement.
62. Completion of the Proposal Form in Section IV. This cost will be used to determine the cost portion of the proposal's score.
63. The following additional forms must be completed and returned with proposal. Forms A through G are available for download via RSA's website, <https://www.rsa-al.gov/about-rsa/itb-rfp>).
- A. State of Alabama Disclosure Statement
 - B. Immigration Compliance Certificate
 - C. Proposer Profile Form
 - D. Proposer References Form
 - E. IRS Form W-9
 - F. Certification of Bidder or Proposer Form
 - G. Non-Disclosure Agreement
 - H. E-Verify Memorandum of Understanding (with EIN and entity name matching IRS Form W-9)
 - I. Sample RSA State Contract
 - J. RSA Third Party Vendor Security Checklist
 - K. Business Associate Agreement
64. Include the names, e-mail addresses and telephone numbers of personnel of your organization authorized to execute the proposed contracts with the RSA.
65. Provide a statement affirming that your firm can and will replicate the TRS, ERS and JRF Actuarial Reports as of 9/30/2024 by October 29, 2026 at the firm's expense. These reports will be available on the RSA's website on June 30, 2026.
66. Provide a statement affirming that your firm can and will replicate the ERS GASB 68 report as of 9/30/2024 by October 29, 2026 at the firm's expense. This report can be found at the following website: <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.
67. Provide a statement affirming that your firm can and will replicate the TRS GASB 68 report as of 9/30/2024 by October 29, 2026 at the firm's expense. This report can be found at the following website: <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

68. Provide a statement affirming that your firm can and will replicate the JRF GASB 68 report as of 9/30/2024 by October 29, 2026 at the firm's expense. This report can be found at the following website: <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.
69. Provide a statement affirming that your firm can and will replicate the TRS GASB 67 report as of 9/30/2024 by October 29, 2026 at the firm's expense. This report can be found at the following website: <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.
70. Provide a statement affirming that your firm can and will replicate the JRF GASB 67 report as of 9/30/2024 by October 29, 2026 at the firm's expense. This report can be found at the following website: <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.
71. Provide a statement affirming that your firm can and will replicate all ERS Local GASB 68 statements as of 9/30/2024 (approximately 900) by October 29, 2026 at the firm's expense. A sample of these statements can be found in Section V – Attachments – Attachment G.
72. Provide a statement affirming that your firm can and will replicate all TRS Local GASB 68 statements as of 9/30/2024 (approximately 209) by October 29, 2026 at the firm's expense. A sample of these statements can be found in Section V – Attachments – Attachment H.
73. Provide a statement affirming that your firm can and will replicate all JRF Local GASB 68 statements as of 9/30/2024 (approximately 68) by October 29, 2026 at the firm's expense. A sample of these statements can be found in Section V – Attachments – Attachment I.
74. Provide a statement affirming that your firm can and will replicate all ERS Local Unit Valuations for funding purposes as of 9/30/2024 (approximately 900) by October 29, 2026 at the firm's expense. A sample of these valuations can be found in Section V – Attachments – Attachment J.
75. Confirm your firm's ability to obtain and maintain, with respect to the activities in which your firm engages pursuant to any agreement that may result from this RFP, professional liability (errors and omissions) insurance, general liability insurance and cyber security insurance in amounts reasonable and customary for the nature and scope of such engagement.
76. The Proposer must affirm that it has read and understands the RFP and the terms and conditions included in the RFP. The Proposer must state any and all exceptions it takes with the requirements set forth in the RFP and/or with any terms and conditions contained in the RFP relating to the ensuing contract. Only the exceptions identified in this section of the proposal will be considered by RSA; any other exceptions embedded elsewhere in the proposal will not be recognized by RSA.
77. Include any other information believed to be pertinent but not specifically requested elsewhere in this RFP.

Section IV—Criteria for Evaluation

A. EVALUATION PROCESS

The following process will be used to evaluate vendor proposals:

- a. A review committee will evaluate each proposal submitted in response to these Proposal specifications.
- b. Responses received within the time frame and in the form specified by the guidelines will first be evaluated to confirm that all proposal sections, as detailed, have been provided in the Proposal response.
- c. Each proposal will be reviewed and points awarded to all items indicated on the Proposal Evaluation Form. Any proposal component may be awarded points not to exceed the maximum specified on the Proposal Evaluation Form. The total technical score available is 70 points.
- d. Each proposal component will be summed to obtain a total score.
- e. RSA may, at its sole discretion, conduct an interview with the finalists. An additional 10 bonus points may be awarded based on finalist interviews.

B. RSA's RIGHTS

Proposers should note that RSA reserves the right to modify this evaluation structure if it is deemed necessary or request additional information from vendors. It is the intention of RSA to select the most qualified and cost-effective proposal based on the evaluation of the Proposer's responses to this RFP. However, RSA reserves the right to ask vendors for additional information and/or an oral presentation to clarify their proposals. RSA also reserves the right to cancel or terminate the RFP or reject any or all proposals received in response to this RFP.

The RSA reserves the right to award any service, in whole or in part, if proposals suggest that doing so would be in the RSA's best interest. The RSA also reserves the right to issue multiple awards, no awards, or cancel or alter the procurement at any time. In addition, the RSA reserves the right to extend the proposed RFP period, if needed. Proposals containing the lowest cost will not necessarily be awarded as the RSA recognizes that factors other than cost are important to the ultimate selection of the provider or providers of the actuarial consulting services. Proposals provided in response to this RFP must comply with the submittal requirements set forth herein, including all forms and certifications, and will be evaluated in accordance with the criteria and procedures described herein. Based on the results of the evaluation, the RSA will award the contract(s) to the most advantageous proposer(s), based on cost and the technical evaluations set forth in the RFP. Any contract awarded hereunder shall be subject to the approval of all appropriate RSA and governmental officials in accordance with applicable state and regulations.

C. COST AND PRICE ANALYSIS:

The cost evaluation will be based on the Evaluation Committee's review of each Proposer's stated cost for services and consulting hours, which will constitute 30% of the overall proposal's evaluation. The proposed cost of each required actuarial service should be a fixed price. Billing is to be submitted with the detail by staff member of hours worked on each task. The total paid to the selected vendor for the required reports will not exceed the proposed cost unless both parties agree in writing.

Cost scoring will be determined as follows:

- a. Cost proposals must be provided in a separate envelope clearly labeled, "Cost Proposal".
- b. The Proposer submitting the lowest Proposal for actuarial consulting services will receive 25 points.
- c. The Proposer submitting the lowest average hourly consulting rates will receive 5 points.
- d. All other Proposers will be evaluated by use of the following formulae:

$$\frac{\text{Lowest Cost of All Valuations}}{\text{Cost of Proposal Under Evaluation}} \times 25 \text{ points} = \text{Proposer's Score for Cost of Valuation}$$

$$\frac{\text{Lowest Wt. Avg Cost of All Consulting Hrs.}}{\text{Wt. Avg. Cost of Consulting Hrs. Under Eval.}} \times 5 \text{ points} = \text{Proposer's Score for Misc Consulting Hours}$$

Wt. Avg. Cost of Consulting Hrs. Under Eval. will equal the aggregate of the hourly rate for each staff level multiplied by the respective distribution percentage.

NOTE: The RSA will not be liable for any expense for use of any job classification by the proposer that is not identified in the proposer's response.

D. PROPOSAL EVALUATION FORM

General Proposal Categories	Possible Points	Reviewer's Score
Description of Services to be Performed	10	
Experience with Similar Proposals	25	
Experience of Personnel Assigned	20	
IT Risk	5	
Methodology and Ability to Meet Timeline	10	
Total Technical Score	70	
Cost Proposal	30	
Total Possible Points	100	
Finalist Interviews (optional)	10	

Proposers must respond to all required components of the RFP.

E. PROPOSAL FORM

Name of Proposing Firm:

Annual Valuation Services	FY 2026 Proposed Fixed Cost	FY 2027 Proposed Fixed Cost	FY 2028 Proposed Fixed Cost	FY 2029 Proposed Fixed Cost	FY 2030 Proposed Fixed Cost	Total Proposed Cost 2026 - 2030
ERS Annual Valuation						
TRS Annual Valuation						
JRF Annual Valuation						
C&R Annual Valuation						

Annual Valuation Services	FY 2026 Estimated Hours	FY 2027 Estimated Hours	FY 2028 Estimated Hours	FY 2029 Estimated Hours	FY 2030 Estimated Hours	Total Estimated Hours 2026 - 2030
ERS Annual Valuation						
TRS Annual Valuation						
JRF Annual Valuation						
C&R Annual Valuation						

GASB 67 Services	FY 2026 Proposed Fixed Cost	FY 2027 Proposed Fixed Cost	FY 2028 Proposed Fixed Cost	FY 2029 Proposed Fixed Cost	FY 2030 Proposed Fixed Cost	Total Proposed Cost 2026 - 2030
TRS GASB 67 Statement						
JRF GASB 67 Statement						

GASB 67 Services	FY 2026 Estimated Hours	FY 2027 Estimated Hours	FY 2028 Estimated Hours	FY 2029 Estimated Hours	FY 2030 Estimated Hours	Total Estimated Hours 2026 - 2030
TRS GASB 67 Statement						
JRF GASB 67 Statement						

GASB 73 Services	FY 2026 Proposed Fixed Cost	FY 2027 Proposed Fixed Cost	FY 2028 Proposed Fixed Cost	FY 2029 Proposed Fixed Cost	FY 2030 Proposed Fixed Cost	Total Proposed Cost 2026 - 2030
C&R GASB 73 Statement						

GASB 73 Services	FY 2026 Estimated Hours	FY 2027 Estimated Hours	FY 2028 Estimated Hours	FY 2029 Estimated Hours	FY 2030 Estimated Hours	Total Estimated Hours 2026 - 2030
C&R GASB 73 Statement						

GASB 68 Services	FY 2026 Proposed Fixed Cost	FY 2027 Proposed Fixed Cost	FY 2028 Proposed Fixed Cost	FY 2029 Proposed Fixed Cost	FY 2030 Proposed Fixed Cost	Total Proposed Cost 2026 - 2030
TRS GASB 68 Statements (218 units)						
JRF GASB 68 Statements (68 units)						
ERS Local Unit Annual Valuations and GASB 68 Disclosure Statements (900 units)						

GASB 68 Services	FY 2026 Estimated Hours	FY 2027 Estimated Hours	FY 2028 Estimated Hours	FY 2029 Estimated Hours	FY 2030 Estimated Hours	Total Estimated Hours 2026 - 2030
TRS GASB 68 Statements (218 units)						
JRF GASB 68 Statements (68 units)						
ERS Local Unit Annual Valuations and GASB 68 Disclosure Statements (900 units)						

Experience Study Services	Total Estimated Hours	Total Proposed Fixed Cost
TRS 2026- 2030 Experience Study		
ERS 2026 - 2030 Experience Study		
JRF 2026 - 2030 Experience Study		

Grand Total Contract Price

Hourly Rates and Projected Work Distribution for Assigned Staff related to Actuarial Consulting Services.

Staff Level	Hourly Rate	Projected Distribution
Partner/Principal/Primary Actuary	\$	
Senior/Secondary Actuary	\$	
Staff Actuary	\$	
Total	N/A	100%

Weighted Average Cost of Consulting Hours

Ancillary expenses (travel, meals, lodging, postage, mailing, administrative expenses, etc.) are to be included in the proposed hourly rates.

SECTION V—Attachments

The following documents must be completed and submitted with your proposal. These documents may be found on the RSA website (<https://www.rsa-al.gov/about-rsa/itb-rfp/>). RSA may, at its discretion, reject any proposal not containing all of the requested additional documents.

A. State of Alabama Disclosure Statement (Pursuant to the *Code of Alabama 1975, Title 41, Chapter 16, Article 3B*)

B. Immigration Compliance Certificate

C. Proposer Profile Form

D. Proposer References Form

E. IRS Form W-9

F. Certification of Bidder or Proposer

G. Non-Disclosure Agreement – This document does not have to be signed with the return of the proposal; however, proposers must document any exceptions to the standard terms or will be deemed to have accepted all terms contained in this NDA.

H. E-Verify Memorandum of Understanding – A copy of the proposer’s fully-executed E-Verify MOU with the US Department of Homeland Security should be included with your proposal. (EIN # and Name on IRS Form w-9 should be same on E-Verify)

I. Sample RSA State Contract – This document does not have to be signed; however, proposers must document any exceptions to the standard terms or will be deemed to have accepted all standard terms contained in this sample contract. (This document is not on the RSA website but is provided in the subsequent pages of the RFP).

J. RSA Third Party Vendor Security Checklist

K. Business Associate Agreement

L. Sample ERS Local GASB 68 Statement

M. Sample TRS Local GASB 68 Statement

N. Sample JRF Local GASB 68 Statement

O. Sample ERS Local Unit Valuation for funding purposes

SAMPLE CONTRACT FORM

STATE OF ALABAMA
MONTGOMERY COUNTY

AGREEMENT TO PROVIDE ACTUARIAL CONSULTING SERVICES

THIS AGREEMENT TO PROVIDE ACTUARIAL CONSULTING SERVICES (“AGREEMENT”), which results from RSA RFP 25-_____, entitled Request for Proposals for Actuarial Consulting Services (“RFP”), is made and entered into effective October 1, 2025, by and among the Teachers’ Retirement System of Alabama, the Employees’ Retirement System of Alabama, and the Judicial Retirement Fund (collectively referred to herein as The Retirement Systems of Alabama or “RSA”), and _____, hereinafter referred to as “Contractor”.

RECITALS

- A. RSA issued the RFP, and Contractor was awarded this contract based upon the terms of Contractor’s Proposal dated _____, 2025 (“Contractor’s Proposal”).
- B. The parties wish to enter into this Agreement to formalize the terms under which Contractor will provide the services.

Now, Therefore, in consideration of the foregoing and the mutual covenants of the parties contained herein, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Scope of Services. Upon request of RSA, Contractor shall perform the following services for RSA (“Services”): the services described in the RFP and in Contractor’s Proposal.

2. Consideration. As consideration for the Services rendered pursuant to this Agreement, RSA agrees to compensate Contractor in accordance with the rates and fees set forth in Exhibit A, which is attached hereto and incorporated herein by reference.

Contractor shall send detailed invoice(s) for all work in arrears as work is completed but no more frequently than monthly. Invoices must be e-mailed to AccountingOps@rsa-al.gov. RSA shall have thirty days from receipt of an invoice from Contractor to render payment. Should RSA dispute any invoiced amount, RSA must deliver within thirty days of receipt of invoice written notice to Contractor detailing the specific facts and circumstances of the dispute and shall timely pay all undisputed amounts. The parties agree to work together in good faith to resolve any disputed amounts.

3. Term. This Agreement shall be for the period beginning October 1, 2025, and ending September 30, 2030.

4. Approvals. Contractor acknowledges and understands that this Agreement is not effective until it has received all required state government approvals, and Contractor shall not begin performing work hereunder until notified to do so by RSA. Contractor is entitled to no compensation for work performed prior to the effective date of this Agreement.

5. Independent Contractors. Contractor acknowledges that Contractor is an independent contractor, and neither Contractor nor Contractor’s employees are to be considered employees of RSA or entitled to benefits under the State of Alabama merit system.

6. **No State Debt, Etc.** Contractor acknowledges that the terms and commitments contained herein shall not be constituted a debt of the State of Alabama in violation of Article 11, Section 213 of the Constitution of Alabama, 1901, as amended by Amendment Number 26. It is further agreed that if any provisions of this Agreement shall contravene any statute or Constitutional provision or amendment, either now in effect or which may, during the course of the Agreement, be enacted, then that conflicting provision in the Agreement shall be deemed null and void and the remaining provisions shall continue to be valid and enforceable. Contractor may not assign this Agreement or any interest herein or any money due hereunder without the expressed written consent of RSA.

7. **Indemnification.** To the fullest extent permitted by law, the Contractor shall defend, indemnify, and hold harmless RSA, and their agents and employees (hereinafter collectively referred to as the "Indemnitees") from and against all claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of, related to, or resulting from performance of the Services.

8. **Insurance.** Contractor agrees that Contractor shall maintain or obtain (as applicable), with respect to the activities in which Contractor engages pursuant to this Agreement, commercial general liability insurance, workers compensation insurance, employers' liability insurance, automobile liability insurance, cyber security insurance, and professional liability (errors and omissions) insurance, in amounts reasonable and customary for the nature and scope of business engaged by Contractor. All insurance shall be provided by insurers licensed in Alabama, or in the state where Contractor resides, to provide the types of insurance required, and insurers must have an A.M. Best Rating of "A-" or better and a financial rating of Class VII or larger. Before beginning work, Contractor shall have on file with RSA a valid Certificate of Insurance showing the types and limits of insurance carried. The foregoing coverages shall be maintained without interruption for the entire term of this Agreement. If requested by RSA, Contractor agrees to name RSA as additional insured on any applicable policies and shall state that this coverage shall be primary insurance for the additional insureds. RSA reserves the right to require additional insurance coverage other than that listed herein as RSA deems appropriate from time to time with a 30-day notice to Contractor.

Contractor must provide at least 30 days' notice (10 days' notice in the event of cancellation due to non-payment of premium) prior notice of any cancellation, non-renewal or material change to any insurance policy covered by this Agreement. If any such notice is given, RSA shall have the right to require that a substitute policy(ies) be obtained prior to cancellation and replacement Certificate(s) of Insurance shall be provided to RSA.

9. **Confidentiality and Ownership.** Contractor acknowledges that, in the course of performing its responsibilities under this Agreement, Contractor may be exposed to or acquire information that is proprietary or confidential to RSA or RSA's members. Contractor agrees to hold such information in confidence and not to copy, reproduce, sell, assign, license, market, transfer or otherwise disclose such information to third parties or to use such information for any purpose whatsoever, without the express written permission of RSA, other than for the performance of obligations hereunder or as required by applicable state or federal law. For purposes of this Agreement, all records, financial information, specifications and data disclosed to Contractor during the term of this Agreement, whether submitted orally, in writing, or by any other media, shall be deemed to be confidential in nature unless otherwise specifically stated in writing by RSA.

Contractor acknowledges that all data relating to RSA is owned by RSA and constitutes valuable property of RSA. RSA shall retain ownership of, and all other rights and interests with respect to, its data (including, without limitation, the content thereof, and any and all copies, modification, alterations, and enhancements thereto, and any derivative works, resulting therefrom), and nothing herein shall be construed as granting Contractor any ownership, license, or any other rights of any nature with respect thereto. Contractor may not use RSA's data (including de-identified data) for any purpose other than providing the Services contemplated hereunder. Upon termination of the Agreement, Contractor agrees to return or destroy all copies of RSA's data in its possession or control except to the extent such data must be retained pursuant to applicable law.

10. State Immigration Law Compliance. By signing this Agreement, the contracting parties affirm, for the duration of the Agreement, that they will not violate federal immigration law or knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama. Furthermore, a contracting party found to be in violation of this provision shall be deemed in breach of the Agreement and shall be responsible for all damages resulting therefrom.

11. Free Trade Clause. In compliance with Ala. Code §41-16-5, Contractor hereby certifies that it is not currently engaged in, and will not engage in, the boycott of a person or an entity based in or doing business with a jurisdiction with which this state can enjoy open trade.

12. Economic Boycott Prohibition. In compliance with Ala. Code §41-16-161, Contractor hereby certifies that Contractor, without violating controlling law or regulation does not and will not, during the term of this Agreement, engage in economic boycotts.

13. Dispute Resolution. In the event of any dispute between the parties, senior officials of both parties shall meet and engage in a good faith attempt to resolve the dispute. Should that effort fail and the dispute involves the payment of money, a party's sole remedy is the filing of a claim with the Board of Adjustment of the State of Alabama.

For any and all other disputes arising under the terms of this Agreement which are not resolved by negotiation, the parties agree to utilize appropriate forms of non-binding alternative dispute resolution including, but not limited to, mediation. Such dispute resolution shall occur in Montgomery, Alabama, utilizing where appropriate, mediators selected from the roster of mediators maintained by the Center for Dispute Resolution of the Alabama State Bar.

Contractor acknowledges and agrees that RSA is prohibited from indemnifying Contractor for any reason. RSA does not release or waive, expressly or impliedly, RSA's right to assert sovereign immunity or any other affirmative defense right it may have under state law. RSA shall control the defense and settlement of any legal proceeding on behalf of RSA, including the selection of attorneys.

14. Proration. Any provision of this Agreement notwithstanding, in the event of failure of RSA to make payment hereunder as a result of partial unavailability, at the time such payment is due, of such sufficient revenues of the State of Alabama or RSA to make such payment (proration of appropriated funds for the State of Alabama having been declared by the governor pursuant to Ala. Code §41-4-90), Contractor shall have the option, in addition to the other remedies of the contract, of renegotiating the Agreement (extending or changing payment terms or amounts) or terminating the Agreement.

15. Non-Appropriation of Funds. Pursuant to Ala. Code §41-4-144(c), in the event funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal period, the Agreement may be cancelled, and Contractor shall be reimbursed for the reasonable value of any non-recurring costs incurred but not amortized in the price of the services being delivered under the Agreement.

16. Certification Pursuant to Act No. 2006-557. Ala. Code §41-4-142 provides that every bid submitted, and contract executed, shall contain a certification that the supplier and all its affiliates that make sales for delivery into Alabama or leases for use in Alabama are registered, collecting, and remitting Alabama state and local sales, use, and/or lease tax on all taxable sales and leases into Alabama. Contractor hereby certifies it is in full compliance with §41-4-142 and acknowledges RSA may declare this Agreement void if the certification is false.

17. Open Records Law Compliance. Contractor acknowledges and agrees that RSA may be subject to Alabama open records laws or similar state and/or federal laws relating to disclosure of public records and may be required, upon request, to disclose certain records and information covered by and not exempted from such laws. Contractor acknowledges and agrees that RSA may comply with these laws without violating any provision of Contractor's proposal or this final agreement.

18. Applicable Law. This Agreement shall be governed and construed in accordance with Alabama law, without giving any effect to the conflict of laws provision thereof.

19. Termination.

Termination for Convenience. This Agreement may be terminated for any reason by either party with the submission of a thirty day written notice of intent thereof.

Termination for Default. RSA may terminate immediately all or any part of this Agreement by giving notice of default by Contractor if the Contractor (1) refuses or fails to deliver the goods or services within the time specified, (2) fails to comply with any of the provisions of the Agreement or so fails to make progress as to endanger or hinder performance, (3) becomes insolvent or subject to proceedings under any law relating to bankruptcy, insolvency, or relief of debtors. In the event of termination for default, RSA's liability will be limited to the payment for goods and/or services delivered and accepted as of the date of termination.

20. Artificial Intelligence. Contractor agrees that it will not, under any circumstance, provide RSA information or RSA member data to an Artificial Intelligence (AI) tool without the prior express written consent of RSA following specific disclosure by Contractor of information to be disclosed to AI. Contractor agrees that it will provide prior written notification to RSA regarding any potential AI utilization that may occur in relation to any portion of the services provided hereunder. Contractor further agrees that for any services and/or work product for which AI is utilized, Contractor will indicate in writing to RSA that such services and/or work product involve AI utilization and will further indicate in writing to RSA whether Contractor independently verified the accuracy, validity, and reliability of any and all AI assistance and/or output. Contractor understands and agrees that, in addition to any other indemnification obligation contained in this agreement, Contractor assumes full responsibility and liability regarding Contractor's use of AI in the performance of services and agrees to indemnify and hold harmless RSA related to any errors resulting from the use of AI and/or Contractor's disclosure of confidential or health information to AI.

21. Waiver. The failure of RSA to require performance of any provision of this Agreement shall not affect RSA's right to require performance at any time thereafter, nor shall a waiver of any breach or default constitute a waiver of any subsequent breach of default nor constitute a waiver of the provision itself.

22. Entire Agreement. It is understood by the parties that this instrument, including its exhibit(s), contains the entire agreement of the parties with respect to the matters contained herein (provided, however, that Contractor's Proposal, and the attachments thereto (including without limitation Contractor's best and final offer and Business Associate Agreement, if applicable) shall be incorporated herein for all practical purposes and further provided that to the extent there exists a direct conflict between this Agreement and any of the foregoing, this Agreement shall supersede as to the conflicting provision(s)).

In Witness Whereof, the parties have executed this Agreement effective as of the date first provided above.

Contractor's EIN

Contractor: _____

The Retirement Systems of Alabama

By: David G. Bronner
Its: Secretary-Treasurer / CEO
Date: _____

By: _____
Its: _____
Date: _____

Reviewed and Approved as to Form:

Approved:

RSA Legal Counsel

Hon. Kay Ivey, Governor
State of Alabama

Exhibit A

Consideration

RSA shall pay to Contractor the following fees for any such services rendered at RSA's request in accordance with the terms more specifically set forth in the Agreement:

Proposer Name:			Date:		
Prepared By:			Title:		
I. Security Policy			YES/NO/NA	Comments	
A. Policy					
1	Is there a corporate information security policy in place? If yes, provide as an attachment.				
2	Does the policy state what is and is not permissible as it pertains to sensitive company and customer information?				
3	Does the policy identify what is classified as sensitive company and customer information?				
4	Does the policy identify management and employee responsibilities including contractors?				
5	Does the policy identify use of employee owned devices such as laptops, smart phones, and any other form of device capable of storing data?				
6	Does the policy address change management requirements?				
7	Is there a policy on the portable media?(e.g., thumb drives, CDRW, etc.)				
8	Are personnel and contract personnel required to have national background check performed as part of your security policy? Please provide a copy of Proposers personnel policy if this is separate addressing hiring and termination procedures.				
B. Procedures					
1	Are procedures in place to implement the information security policy?				
2	Are the procedures and standards evaluated to determine their level of impact to the business process?				
3	Does the project management methodology uphold the security practices? If yes, explain how.				
4	Are there policy and procedures in place to vet and audit subcontractors prior to contract acceptance where applicable?				
C. Document Handling					
1	Is there a reasonable and usable information classification policy?				
2	Does the information classification policy address all enterprise information?				
3	Is an information classification methodology in place to assist employees in identifying levels of information within the business unit?				
4	Is there an information handling matrix that explains how specific information resources are to be handled?				
II. Corporate Practices					
A. Organizational Suitability					
1	The Information Security Program has an executive level committee assigned for reporting and guidance purposes?				
2	Are employees able to perform their duties efficiently and effectively while following security procedures?				
3	Does the information security program have its' own line item in the budget?				
4	Does the security group have the authority to submit needed security policy changes throughout the enterprise?				
5	Is an annual report on the level of information security compliance issued to management?				
6	Is there more than one person responsible for the implementation of the Information Security Program?				
B. Personnel Issues					
1	Are employees able to work less than a 50 hour work week on a monthly average and complete their assignments?				
2	Are employees and project managers aware of their responsibilities for protecting information resources via written policy?				
3	Are technical employees formally trained to perform their tasks?				

4	Are contract personnel subject to confidentiality agreements?		
5	Are contract personnel subject to the same policies employees are?		
6	Is access to sensitive/confidential information by contract personnel monitored?		
7	Are national background checks performed on all proposing party employees?		
8	Is a similar screening process carried out for contractors and temporary staff?		
9	Does employment application ask if the prospective employee has ever been convicted of a crime? If so, does proposing firm employee individuals with felony convictions?		
10	Are prior employment verifications performed for initial employment?		
11	Are there any current or pending litigations against staff, former staff, or contract staff regarding corporate espionage, identity theft, or any other areas regarding the security of privacy of confidential information?		
C. Training and Education			
1	Do employees receive security related training specific to their responsibilities? If yes, please attach a sample.		
2	Are employees receiving both positive and negative feedback related to security on their performance evaluations?		
3	Is security-related training provided periodically to reflect changes and new methods?		
4	Are system administrators given additional security training specific to their jobs?		
5	Have employees undergone a HIPAA training class for those handling personal health information (PHI)?		
D. Oversight and Auditing			
1	Is Proposer at minimum AICPA SOC 1 Type 2 compliant for financial reporting. If so, please provide the SOC report(s).		
2	Is Proposer's datacenter AICPA SOC 2 Type 2 compliant? If not please comment what compliance level your datacenter facility meets.		
3	Are the security policies and procedures routinely tested?		
4	Are exceptions to security policies and procedures justified and documented?		
5	Are audit logs or other reporting mechanisms in place on all platforms?		
6	Are errors and failures tracked?		
7	When an employee is found to be in non-compliance with security policies, has appropriate disciplinary action been taken?		
8	Are audits performed on an annual basis?		
9	Are unscheduled/surprise audits performed?		
10	Has someone been identified as responsible for reconciling audits?		
11	Does either an internal or external auditor independently audit Proposer's operational controls on a periodic basis?		
12	Is an independent review carried out in order to assess the effective implementation of security policies?		
13	Can the Proposer provide evidence of having gone through a recent audit of their organization's operational policies, procedures, and operating effectiveness, such as a SOC Type 2 report?		
14	Have outside audits been performed on internal operations? Please provide copies.		
15	Has Proposer experienced a security breach of corporate or customer data within the last 10 years?		
16	Is there any concluded or pending litigation against the Proposer or an employee related to a contract engagement or security breach?		
17	Does the Proposer subcontract services that will be required to fulfill services as required in RSA's RFP.		
18	Does Proposer have a change management committee? Does it meet on regularly scheduled intervals?		
E. Application Development and Management			

1	Has an application development methodology been implemented?		
2	Are appropriate/key application users involved with developing and improving application methodology and implementation process?		
3	Is pre-production testing performed in an isolated environment?		
4	Has a promotion to production procedures been implemented?		
5	Is there a legacy application management program?		
6	Are secure coding standards implemented and are they followed?		
7	Are applications testing for security vulnerabilities prior to being released to production?		
8	Is there a dedicated security team for testing applications for vulnerabilities?		
9	Are there procedures in place for protecting source code developed by the Proposer (physically and electronically)?		
10	Is system access and security based on the concept of least possible privilege and need-to-know?		
11	Does Proposer perform source code reviews for each release?		
12	Are backdoors prevented from being placed into application source code?		
	III Physical Security		
	A. Physical and Facilities		
1	Is access to the building(s) controlled?		
2	Is access to computing facilities controlled more so than to the building?		
3	Is there an additional level of control for after-hours access?		
4	Is there an audit log to identify the individual and the time of access that is monitored by a group other than Information Technology?		
5	Are systems and other hardware adequately protected from theft?		
6	Are procedures in place for proper disposal of confidential information?		
7	Are proper fire suppression systems located in the facility?		
8	Are facilities more than 5 miles from a government facility or airport?		
9	Are the servers and facilities that house software documentation and programming logic located in a secure facility?		
10	Is all confidential and restricted information marked as such and stored in a secure area (room, cabinet) with access restricted to authorized personnel only?		
11	Does Proposer allow employees to work remote or in a virtual environment? Please provide documentation around controls for safeguarding computer systems and confidential data.		
	B. After-Hours Review		
1	Are areas containing sensitive information properly secured?		
2	Are workstation secured after-hours?		
3	Are keys and access cards properly secured?		
4	Is confidential information properly secured?		
5	Are contract cleaning crews activities monitored?		
	C. Incident Handling		
1	Has an Incident Response Team (IRT) been established?		
2	Have employees been trained as to when the IRT should be notified?		
3	Has the IRT been trained in evidence gathering and handling?		
4	Are incident reports issued to appropriate management?		
5	After an incident, are policies and procedures reviewed to determine if modification need to be implemented?		
6	Does the Proposer have a process in place to notify IT security of breaches and/or problems so that proper notification and correction can be done?		
	D. Contingency Planning		
1	Has a Business Impact Analysis been conducted on all systems, applications, and platforms?		
2	Is there a documented data center Disaster Recovery Plan (DRP) in place?		
3	Are backup media password protected or encrypted?		
4	Has the data center DRP been tested within the past 12 months?		

5	Are system, application, and data backups sent to a secure off-site facility on a regular basis?		
6	Are Service Level Agreements that identify processing requirements in place with all users and service providers?		
7	Have departments, business units, groups, and other such entities implemented business continuity plans that supplement the data center DRP?		
8	Have Emergency Response Procedures (ERP) been implemented?		
9	Have ERPs been tested for effectiveness?		
IV. Business Impact Analysis, Disaster Recovery Plan			
A. General Review			
1	Backup planning includes identification of all critical data, programs, documentation, and support items required performing essential task during recovery?		
2	The BIA is reviewed and updated regularly with special attention to new technology, business changes, and migration of applications to alternative platforms?		
3	Critical period timeframes have been identified for all applications and systems?		
4	Senior management has reviewed and approved the prioritized list of critical applications?		
B. Disaster Recovery Plan (DRP)			
1	A corporate disaster recovery plan coordinator has been named and a mission statement identifying scope and responsibilities has been published?		
2	A "worst-case" scenario DRP to recover normal operations within the prescribed timeframes has been implemented and tested?		
3	Listing of current emergency telephone numbers for police, fire department, medical aid, and company officials are strategically located throughout the facility and at off-site locations?		
4	The backup site is remote from hazards that endanger the main data center?		
5	Contracts for outsourced activities have been amended to include service providers' responsibilities for DRP?		
6	Lead times for communication lines and equipment, specialized devices, power hookups, construction, firewalls, computer configurations, and LAN implementation have been factored into the DRP?		
7	At least one copy of the DRP is stored at the backup site and is updated regularly?		
8	Automatic restart and recovery procedures are in place to restore data files in the event of a processing failure?		
9	Contingency arrangements are in place for hardware, software, communications, software, staff and supplies.		
10	Customer software solutions that are being developed and/or in production are backed up as part of the Proposer's backup and recovery procedures?		
C. Testing			
1	Backup and recovery procedures are tested at least annually?		
2	Training sessions are conducted for all relevant personnel on backup, recovery, and contingency operating procedures?		
3	Appropriate user representative have a particular role in creating and reviewing control reliability and backup provisions for relevant applications?		
4	Appropriate user representatives participate in the DRP tests?		
Other Issues			
1	Provisions are in place to maintain the security of processing functions in the event of an emergency?		
2	Insurance coverage for loss of hardware and business impact is in place?		
V. Technical Safeguards			
A. Passwords			
1	Are host systems and servers as well as application servers secured with unique passwords?		
2	Are default accounts de-activated?		

3	Are temporary user accounts restricted and disabled within 4 hours?		
4	Are the password management systems forcing users to change passwords every 90 days or less?		
5	Are users of all company-provided network resources required to change the initial default password?		
6	Are the passwords complex? Contain upper case, lower case, special character or number, and at least 8 characters long.		
7	Do network and system administrators have adequate experience to implement security standards?		
8	Are reports and logs pertaining to network users reviewed and reconciled on a regular basis?		
9	Are permissions being set securely?		
10	Are administrators assigned a unique ID for access to critical systems?		
11	Are administrators using appropriate tools to perform their jobs?		
12	Does the application support multi-factor authentication?		
13	Are online systems always secured using SSL encryption?		
B. Infrastructure			
1	Is the network infrastructure audited on an annual basis?		
2	Are network vulnerability assessments conducted on an annual basis?		
3	Are changes/improvements made in a timely fashion following network vulnerability assessments?		
4	If you house or develop solutions around credit card transactions are you CISP compliant?		
C. Firewalls			
1	Are protocols allowed to initiate connections from "outside" the firewall?		
2	Has a risk analysis been conducted to determine if the protocols allowed maintain an acceptable level of risk?		
3	Has the firewall been tested to determine if outside penetration is possible?		
4	Are other products in place to augment the firewall level security?		
5	Are the firewalls maintained and monitored 24x7?		
6	Have services offered across the firewall been documented?		
7	Has a Demilitarized Zone (DMZ) or Perimeter Network been implemented?		
8	Has the firewall administrator been formally trained?		
9	Is there more than one person administering the firewall?		
10	Is the firewall for the ASP separate from the corporate firewall?		
D. Data Communications			
1	Is there a remote access procedure in place?		
2	Is there a current network diagram?		
3	Are Access Control List (ACLs) maintained on a regular basis?		
4	Is the network environment partitioned?		
5	Are the corporate routers separated from the ASP routers?		
6	Are the corporate switches separated from the ASP switches?		
7	Does the communication equipment log administrative access to the systems?		
8	Is SNMP data collected from the data communication devices?		
9	Is syslog data collected from the data communication devices?		
10	Are there standard templates for configuring routers?		
11	Are there standard templates for configuring switches?		
E. Databases			
1	Are default database passwords changed?		
2	Are database administrators trained or certified?		
3	Are database backups performed daily?		
F. Computing Platforms			
1	Are critical servers protected with appropriate access controls?		
2	Are development staff administrators on their computers used for writing source code?		
3	Is there a company image used for corporate PCs and laptops?		

4	Does the company have an asset management system to track software installed?		
5	Is there an anti-virus application installed on all PC's, laptops, and servers?		
6	Does the anti-virus application automatically update computing assets 3 times or more per day?		
7	Is there a URL filtering solution in place?		
8	Do computing assets have a corporate anti-malware application installed?		
9	Are Internet facing servers protected with host based intrusion prevention?		
10	Are employees restricted to what can be installed on their computer systems? How is this managed for remote employees if applicable?		
11	Do any of the Proposer's computer systems including storage reside on a cloud computing environment? Is it owned and operated by the Proposer? If no, please explain.		
G. Intrusion Prevention			
1	Is host based intrusion prevention software installed on all Internet facing servers?		
2	Are network based intrusion prevention systems in-line and defending?		
3	Is host based intrusion prevention software installed on all laptops?		
4	Is there a dedicated security staff monitoring 24x7 alerts from the host based intrusion prevention?		
5	Is there a dedicated security staff monitoring 24x7 alerts from the network based intrusion prevention?		
VI. Telecommunications Security			
A. Policy			
1	Is there a published policy on the use of organizational telecommunications resources?		
2	Have all employees have been made aware of the telecommunications policy?		
3	Employees authorized for Internet access are made aware of the organization's proprietary information and what they can discuss in open forums?		
4	Employees using cellular or wireless phones are briefed on the lack of privacy of conversations when using unsecured versions of technology?		
5	The organization has a published policy on prosecution of employees and outsiders if found guilty of serious premeditated criminal acts against the organization?		
6	Are corporate devices such as iPhones or Android based phones centrally managed by the Proposer to control rogue software installations and protect corporate data?		
B. Standards			
1	A threshold is established to monitor and suspend repeated unsuccessful dial-in or remote access attempts?		
2	Access to databases reachable via dial-in or VPN have access control in place to prevent unauthorized access?		
3	Financial applications available via dial-in or VPN have audit trails established to track access and transaction usage?		
4	Are audit trails reviewed and corrective action taken on a regular basis?		
5	When possible are acl security programs used to control dial-in or remote access to a specific application?		
6	Company proprietary data, stored on portable computers are secured from unauthorized access?		
7	Are corporate emails allowed to be sent from unique domains not one used by Proposer such as Gmail or Microsoft Email?		
8	Users of all company-provided communication systems are required to change the default or initial password?		
C. Practices			
1	Security, application, and network personnel actively work to ensure control inconvenience is as minimal as possible?		

2	Personnel independent of the operations staff and security administration review tamper-resistant logs and audit trails?		
3	Special procedures and audited userIDs have been established for application, system, network troubleshooting activities?		
4	Messages and transactions coming in via phone lines are serially numbered, time stamped, and logged for audit investigation and backup purposes?		
5	Employees are made aware of their responsibility to keep remote access codes secure from unauthorized access and usage?		
6	Removal of portable computers from the corporate locations must be done through normal property removal procedures?		
7	Employees are briefed on their responsibility to protect the property of the company when working away from the corporate environment?		
VII. Company Information			
A. Public Information			
1	Is the company publicly traded?		
2	Is the company bonded?		
3	Are all employees in the continental US? If not please list.		
B. Private Information			
1	Are there any planned acquisitions in the next 12 months?		
2	Are there current plans to sell the company in the next 12 months?		

BUSINESS ASSOCIATE AGREEMENT

This Agreement is made and entered into this ____ day of _____ 20__, by and between _____ (“Business Associate”) and the Public Education Employees’ Health Insurance Board (“Plan Sponsor”), acting on behalf of the Public Education Employees’ Health Insurance Plan (“Covered Entity”).

WHEREAS, Business Associate and Covered Entity desire and are committed to complying with all relevant federal and state laws with respect to the confidentiality and security of Protected Health Information (PHI), including, but not limited to, the federal Health Insurance Portability and Accountability Act of 1996, and accompanying regulations, as amended from time to time (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH), and any regulations promulgated thereunder.

NOW, THEREFORE, for valuable consideration the receipt of which is hereby acknowledged and intending to establish a business associate relationship under 45 CFR §164, the parties hereby agree as follows:

I. Definitions

- A. “Business Associate” shall have the same meaning as the term “business associate” at 45 CFR 160.103, and in reference to the party to this agreement, shall mean **[Insert Name of Business Associate]**.
- B. “Breach” shall be defined as set out in 45 CFR §164.402.
- C. “CFR” means the Code of Federal Regulations. A reference to a CFR section means that section as amended from time to time; provided that if future amendments change the designation of a section referred to herein, or transfer a substantive regulatory provision referred to herein to a different section, the section references herein shall be deemed to be amended accordingly.
- D. “Compliance Date(s)” shall mean the date(s) established by the Secretary or the United States Congress as the effective date(s) of applicability and enforceability of the Privacy Rule, Security Rule and HITECH Standards.
- E. “Designated Record Set” shall have the same meaning as the term “designated record set” in 45 CFR §164.501 and shall include a group of records that is: (i) the enrollment, payment, claims adjudication and case or medical management record systems maintained by or for Covered Entity by Business Associate or (2) used, in whole or in part, by or for Covered Entity to make decisions about Individuals.
- F. “Electronic Protected Health Information” (EPHI) shall have the same meaning as the term “electronic protected health information” in 45 CFR §160.103, limited to the information received from or created on behalf of Covered Entity by Business Associate.
- G. “HITECH Standards” shall mean the privacy, security and security breach notification provisions applicable to a Business Associate under Subtitle D of the Health Information Technology for Economic and Clinical Health Act, which is Title XIII of the American Recovery and Reinvestment Act of 2009, as such law may be amended from time to time, and any regulations promulgated thereunder.

- H. "Individual" shall have the same meaning as the term "individual" in 45 CFR §160.103, and shall include a person who qualifies as a personal representative in accordance with 45 CFR §164.502(g).
- I. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR parts 160 and 164, subparts A and E.
- J. "Protected Health Information" (PHI) shall have the same meaning as the term "protected health information" in 45 CFR §160.103, limited to the information received from or created on behalf of Covered Entity by Business Associate.
- K. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR §164.501.
- L. "Security Incident" shall have the same meanings as the term "security incident" in 45 CFR §164.304.
- M. "Security Rule" shall mean the Standards for the Protection of Electronic Protected Health Information at 45 CFR parts 160 and 164, subparts A and C.
- N. "Unsecured PHI" shall have the same meaning as "unsecured protected health information" in 45 CFR §164.402.

Terms used, but not otherwise defined, shall have the same meaning as those terms in the Privacy Rule, Security Rule and HITECH Standards.

II. Obligations of Business Associate

- A. Business Associate agrees not to use or disclose PHI other than as permitted or required by this Agreement or as Required by Law. Business Associate will take reasonable efforts to limit requests for, use and disclosure of PHI to the minimum necessary to accomplish the intended request, use or disclosure and comply with 45 CFR 164.502(b) and 514(d) .
- B. To the extent the Business Associate conducts a "Standard Transaction" as outlined in 45 CFR Part 162, Business Associate agrees to comply and to require any agent or subcontractor to comply with all applicable requirements set forth in 45 CFR Part 162.
- C. Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the PHI other than as provided for by this Agreement. Business Associate shall implement administrative, physical, and technical safeguards (including written policies and procedures) that reasonably and appropriately protect the confidentiality, integrity, and availability of EPHI that it creates, receives, maintains, or transmits on behalf of the Covered Entity as required by the Security Rule.
- D. Business Associate agrees to report to Covered Entity any use or disclosure of PHI other than as provided for by this Agreement promptly after Business Associate has actual knowledge of such use or disclosure, and to report promptly to the Covered Entity all Security Incidents of which it becomes aware. Following the discovery of a Breach of Unsecured PHI, Business Associate shall notify Covered Entity of such Breach without

unreasonable delay, and in no event later than 30 calendar days after such discovery. The notification will include the identification of each individual whose Unsecured PHI has been, or is reasonably believed to have been, accessed, acquired or disclosed during the Breach. A Breach shall be treated as discovered as of the first day on which such Breach is known or reasonably should have been known to Business Associate. The parties acknowledge and agree that this section constitutes notice by Business Associate to Covered Entity of the ongoing existence and occurrence of attempted but Unsuccessful Security Incidents (as defined below) for which no additional notice to Covered Entity is required by applicable laws or regulations. "Unsuccessful Security Incidents" shall include, but not be limited to, pings and other broadcast attacks on Business Associate's firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above, so long as no such incident results in unauthorized access, use or disclosure of PHI, and so long as additional notice to Covered Entity is not required by applicable laws or regulations.

- E. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of this Agreement or applicable regulations. Business Associate has a duty to assist the Covered Entity in any mitigation, notice, reporting, or other remedial actions required, all of which would be at the Covered Entity's request and in the Covered Entity's sole discretion.
- F. Business Associate agrees to include in its agreement with any agent or subcontractor to whom it provides PHI on behalf of the Covered Entity conditions with respect to such information that are at least as restrictive as those that apply through this Agreement to Business Associate. Business Associate agrees to ensure that any agents, including sub-agents, to whom it provides EPHI received from, or created or received by Business Associate on behalf of the Covered Entity, agree in writing to implement the same reasonable and appropriate safeguards that apply to Business Associate to protect the Covered Entity's EPHI.
- G. If Business Associate maintains PHI in a Designated Record Set, Business Associate agrees to make available to Covered Entity, within a reasonable time, such information as Covered Entity may require to fulfill Covered Entity's obligations to respond to a request for access to PHI as provided under 45 CFR §164.524 or to respond to a request to amend PHI as required under 45 CFR §164.526. Business Associate shall refer to Covered Entity all such requests that Business Associate may receive from Individuals. If Covered Entity requests Business Associate to amend PHI in Business Associate's possession in order to comply with 45 CFR §164.526, Business Associate shall effectuate such amendments no later than the date they are required to be made by 45 CFR §164.526; provided that if Business Associate receives such a request from Covered Entity less than ten (10) business days prior to such date, Business Associate will effectuate such amendments as soon as is reasonably practicable.
- H. If applicable, Business Associate agrees to provide to Covered Entity within a reasonable time such information necessary to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures as provided under 45 CFR §164.528. Business Associate shall refer to Covered Entity all such requests which Business Associate may receive from Individuals.

- I. Upon reasonable notice, Business Associate agrees to make its internal practices, books, and records relating to the use and disclosure of PHI available to the U.S. Secretary of Health and Human Services, or an officer or employee of that Department to whom relevant authority has been delegated, at Covered Entity's expense in a reasonable time and manner, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.
- J. Notwithstanding any other provision in this Agreement, Business Associate hereby acknowledges and agrees that to the extent it is functioning as a Business Associate of Covered Entity, Business Associate will comply with the HITECH Business Associate provisions and with the obligations of a Business Associate as prescribed by HIPAA and the HITECH Act commencing on the Compliance Date of each such provision. Business Associate and the Covered Entity further agree that the provisions of HIPAA and the HITECH Act that apply to Business Associates and that are required to be incorporated by reference in a Business Associate Agreement are incorporated into this Agreement between Business Associate and Covered Entity as if set forth in this Agreement in their entirety and are effective as of the Compliance Date.

III. Permitted Uses and Disclosures by Business Associate

Except as otherwise limited in this Agreement, Business Associate may:

- A. Use or disclose Protected Health Information on behalf of the Covered Entity, if such use or disclosure of Protected Health Information would not violate the Privacy Rule, including the minimum necessary standard, if done by the Covered Entity.
- B. Use or disclose PHI to perform the services outlined in the **<applicable services agreement>**.
- C. Use Protected Health Information for the proper management and administration of Business Associate or to fulfill any present or future legal responsibilities of Business Associate.
- D. Disclose Protected Health Information for the proper management and administration of Business Associate or to fulfill any present or future legal responsibilities of Business Associate, provided that such disclosure is either Required by Law or Business Associate obtains reasonable assurances from any person to whom Protected Health Information is disclosed that such person will: (i) keep such information confidential, (ii) use or further disclose such information only for the purpose for which it was disclosed to such person or as Required by Law, and (iii) notify Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- E. Use Protected Health Information to provide data aggregation services relating to the health care operations of the Covered Entity, as provided in 45 CFR §164.501.
- F. To create de-identified data, provided that the Business Associate de-identifies the information in accordance with the Privacy Rule. De-identified information does not constitute PHI and is not subject to the terms and conditions of this Agreement.

- G. Business Associate may use PHI to report violations of law to appropriate Federal and State authorities, consistent with 45 CFR 164.502(j)(1).
- H. Business Associate agrees to ensure that access to EPHI related to the Covered entity is limited to those workforce members who require such access because of their role or function. Business Associate agrees to implement safeguards to prevent its workforce members who are not authorized to have access to such EPHI from obtaining access and to otherwise ensure compliance by its workforce with the Security Rule

IV. Obligations of Covered Entity

- A. Covered Entity shall notify Business Associate of any facts or circumstances that affect Business Associate's use or disclosure of PHI. Such facts and circumstances include, but are not limited to: (i) any limitation or change in Covered Entity's notice of privacy practices, (ii) any changes in, or withdrawal of, an authorization provided to Covered Entity by an Individual pursuant to 45 CFR §164.508; and (iii) any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR §164.522.
- B. Covered Entity warrants that it will not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy Rule or is not otherwise authorized or permitted under this Agreement.
- C. Covered Entity acknowledges and agrees that the Privacy Rules allow the Covered Entity to permit Business Associate to disclose or provide access to PHI, other than Summary Health Information, to the Plan Sponsor only after the Plan Sponsor has amended its plan documents to provide for the permitted and required uses and disclosures of PHI and to require the Plan Sponsor to provide a certification to the Plan that certain required provisions have been incorporated into the Plan documents before the Plan may disclose, either directly or through a Business Associate, any PHI to the Plan Sponsor. Covered Entity hereby warrants and represents that Plan documents have been so amended and that the Plan has received such certification from the Plan Sponsor.
- D. Covered Entity agrees that it will have entered into Business Associate Agreements with any third parties to whom Covered Entity directs and authorizes Business Associate to disclose PHI.

V. Effective Date; Termination

- A. The effective date of this Agreement shall be the date this Agreement is signed by both parties (or the Compliance Date, if later).
- B. This Agreement shall terminate on the date Business Associates ceases to be obligated to perform the functions, activities, and services described in Article III.
- C. Upon Covered Entity's knowledge of a material breach or violation of this Agreement by Business Associate, Covered Entity shall notify Business Associate of such breach or violation and Business Associate shall have thirty (30) days to cure the breach or end the violation. In the event Business Associate does not cure the breach or end the violation, Covered Entity shall have the right to immediately terminate this Agreement and any underlying services agreement if feasible.

- D. Upon termination of this Agreement, Business Associate will return to Covered Entity, or if return is not feasible, destroy, any and all PHI that it created or received on behalf of Covered Entity and retain no copies thereof. If the return or destruction of the PHI is determined by Business Associate not to be feasible, Business Associate shall limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible. If return or destruction of the PHI is feasible but Business Associate is required by law to retain such information or copies thereof, Business Associate will maintain the PHI for the period of time required under applicable law after which time Business Associate shall return or destroy the PHI.
- E. Business Associate's obligations under Sections II and III of this Agreement shall survive the termination of this Agreement with respect to any PHI so long as it remains in the possession of Business Associate.

VI. Other Provisions

- A. The parties acknowledge that the foregoing provisions are designed to comply with the mandates of the Privacy and Security Rules and the HITECH Standards and agree to make any necessary changes to this agreement that may be required by any amendment to the final regulations promulgated by the Secretary. If the parties are unable to reach agreement regarding an amendment within thirty (30) days of the date that Business Associate receives any written objection from Covered Entity, either party may terminate this Agreement upon ninety (90) days written notice to the other party. Any other amendment to the Agreement unrelated to compliance with applicable law and regulations shall be effective only upon execution of a written agreement between the parties.
- B. Except as it relates to the use, security and disclosure of PHI and electronic transactions, this Agreement is not intended to change the terms and conditions of, or the rights and obligations of the parties under any other services agreement between them.
- C. Business Associate agrees to defend, indemnify and hold harmless Covered Entity, its affiliates and each of their respective directors, officers, employees, agents or assigns from and against any and all actions, causes of action, claims, suits and demands whatsoever, and from all damages, liabilities, costs, charges, debts, fines, government investigations, proceedings, and expenses whatsoever (including reasonable attorneys' fees and expenses related to any litigation or other defense of any claims), which may be asserted or for which they may now or hereafter become subject arising in connection with (i) any misrepresentation, breach of warranty or non-fulfillment of any undertaking on the part of Business Associate under this Agreement; and (ii) any claims, demands, awards, judgments, actions, and proceedings made by any person or organization arising out of or in any way connected with Business Associate's performance under this Agreement.
- D. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than Covered Entity, Business Associate, and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- E. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits the Covered Entity to comply with the Privacy and Security Rules and the HITECH Standards.

- F. If any provision of this Agreement is held illegal, invalid, prohibited or unenforceable by a court of competent jurisdiction, that provision shall be limited or eliminated in that jurisdiction to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable
- G. This Agreement replaces and supersedes in its (their) entirety any prior Business Associate Agreement(s) between the parties.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been signed and delivered as of the date first set forth above.

**Public Education Employees’ Health Insurance
Board
the Plan Sponsor, acting on behalf of Covered Entity**

<insert name of Business Associate>

Signature

Signature

Printed Name

Printed Name

Title

Title

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA
GASB STATEMENT NO. 68
PREPARED AS OF SEPTEMBER 30, 2023

EXYZ - Sample Agency

Paragraph 40(c) Membership as of the Measurement Date of September 30, 2023

	Number
Retired Members Or Their Beneficiaries Currently Receiving Benefits	3
Vested Inactive Members	0
Non-vested Inactive Members	0
Active Members	5
Post-DROP Retired Members Still in Active Service	0
Total	8

Paragraph 42(g) Sensitivity of the NPL to Changes in the Discount Rate

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45)%
Plan's Net Pension Liability (Asset)	\$769,937	\$607,305	\$467,427

Paragraph 44 Schedule of Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at September 30, 2022	\$1,733,976	\$1,119,015	\$614,961
Changes for the year:			
Service cost	24,430		24,430
Interest	123,964		123,964
Changes of benefit terms	0		0
Changes of assumptions	0		0
Difference between expected and actual experience	38,395		38,395
Contributions - employer		40,532	(40,532)
Contributions - employee		14,177	(14,177)
Net investment income		139,736	(139,736)
Benefit payments, including refunds of employee contributions	(140,058)	(140,058)	0
Administrative expense	0	0	0
Transfers Among Employers	0	0	0
Net changes	46,731	54,387	(7,656)
Balances at September 30, 2023	<u>\$1,780,707</u>	<u>\$1,173,402</u>	<u>\$607,305</u>

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA
GASB STATEMENT NO. 68
PREPARED AS OF SEPTEMBER 30, 2023

XYZ- Sample Agency
(continued)

Paragraph 45(a) Roll-Forward of the Total Pension Liability

TPL Roll-Forward			
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) TPL as of September 30, 2022	\$1,733,976	\$1,769,709	\$1,769,709
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2022 – September 30, 2023	24,430	24,430	24,430
(d) Transfers Among Employers:	0	0	0
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 – September 30, 2023	(140,058)	(140,058)	(140,058)
(f) TPL as of September 30, 2023 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+ 0.5*(b))]	<u>\$1,742,312</u>	<u>\$1,780,707</u>	<u>\$1,780,707</u>
(g) Difference between Expected and Actual:		\$38,395	
(h) Less Liability Transferred for Immediate Recognition:		\$0	
(i) Difference between Expected and Actual - Experience (Gain)/Loss		\$38,395	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change (Gain)/Loss			\$0

Paragraph 45(h) Summary of Deferred Inflows and Outflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$57,562	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings on plan investments	51,588	0
Employer contributions subsequent to the Measurement Date	*	0
Total	<u>\$*</u>	\$0

*Enter employer contributions made from 10/1/2023 to the end of the fiscal year, related to normal and accrued liability components of employer rate net of any refunds or error service payments and add for total Deferred Outflows of Resources.

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA
GASB STATEMENT NO. 68
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EXYZ- Sample Agency
(continued)

Collective Deferred Outflows and Inflows between Expected and Actual Experience											
Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amort. Period	Beginning Balance				Amounts Recog. in Pension Expense/ Deferred Outflow	Amounts Recog. in Pension Expense/ Deferred Inflow	Ending Balance	
				Deferred Outflows	Deferred Inflows	Losses / Deferred Outflows	Gains / Deferred Inflows			Deferred Outflows	Deferred Inflows
(a)	(b)	(c)	(d)	(e)	(f)	(a) + (c) - (e)	(b) + (d) - (f)				
2023	\$38,395	\$0	5.1	\$0	\$0	\$38,395	\$0	\$7,528	\$0	\$30,867	\$0
2022	\$56,355	\$0	3.8	\$41,525	\$0	\$0	\$0	\$14,830	\$0	\$26,695	\$0
2021	\$284	\$0	2.3	\$38	\$0	\$0	\$0	\$38	\$0	\$0	\$0
2020	\$28,049	\$0	2.6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	\$102,407	\$0	3.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2018	\$1,305	\$0	4.2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	\$24,081	\$0	4.6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2016	\$13,300	\$0	4.3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	\$17,852	\$0	6.6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total				\$41,563	\$0	\$38,395	\$0			\$57,562	\$0

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA
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EXYZ - Sample Agency
(continued)

Collective Deferred Outflows and Inflows for Differences from Assumption Changes											
Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amort. Period	Beginning Balance				Amounts Recog. in Pension Expense/ Deferred Outflow	Amounts Recog. in Pension Expense/ Deferred Inflow	Ending Balance	
				Deferred Outflows	Deferred Inflows	Losses / Deferred Outflows	Gains / Deferred Inflows			Deferred Outflows	Deferred Inflows
				(a)	(b)	(c)	(d)	(e)	(f)	(a) + (c) - (e)	(b) + (d) - (f)
2023	\$0	\$0	5.1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	\$0	\$0	3.8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$48,484	\$0	2.3	\$6,324	\$0	\$0	\$0	\$6,324	\$0	\$0	\$0
2020	\$0	\$0	2.6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	\$0	\$0	3.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2018	\$5,612	\$0	4.2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	\$0	\$0	4.6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2016	\$168,199	\$0	4.3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total				<u>\$6,324</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>	<u>\$0</u>

**EMPLOYEES' RETIREMENT SYSTEM OF
ALABAMA GASB STATEMENT NO. 68
PREPARED AS OF SEPTEMBER 30, 2023**

**EXYZ- Sample Agency
(continued)**

Collective Deferred Outflows and Inflows for Differences in Investment Experience											
Year	Beginning Balance								Ending Balance		
	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amort. Period	Deferred Outflows	Deferred Inflows	Losses / Deferred Outflows	Gains / Deferred Inflows	Amounts Recog. in Pension Expense/ Deferred Outflow	Amounts Recog. in Pension Expense/ Deferred Inflow	Deferred Outflows	Deferred Inflows
(a)	(b)	(c)	(d)	(e)	(f)	(a) + (c) - (e)	(b) + (d) - (f)				
2023	\$0	\$59,549	5.0	\$0	\$0	\$0	\$59,549	\$0	\$11,910	\$0	\$47,639
2022	\$270,680	\$0	5.0	\$216,544	\$0	\$0	\$0	\$54,136	\$0	\$162,408	\$0
2021	\$0	\$169,637	5.0	\$0	\$101,783	\$0	\$0	\$0	\$33,927	\$0	\$67,856
2020	\$23,379	\$0	5.0	\$9,351	\$0	\$0	\$0	\$4,676	\$0	\$4,675	\$0
2019	\$60,927	\$0	5.0	\$12,187	\$0	\$0	\$0	\$12,187	\$0	\$0	\$0
2018	\$0	\$16,966	5.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total				\$238,082	\$101,783	\$0	\$59,549			\$167,083	\$115,495
Net difference between projected and actual earnings on investments										\$51,588	\$0

Summary of Deferred Outflows and Inflows of Resources																	
Amort.	Actual and Expected Experience									Assumption Changes			Investment Gains/Losses				
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2016	2018	2021	2020	2021	2022	2023	Total
2025	0	0	0	0	0	0	0	14,830	7,528	0	0	0	4,675	(33,927)	54,136	(11,910)	35,332
2026	0	0	0	0	0	0	0	11,865	7,528	0	0	0	0	(33,929)	54,136	(11,910)	27,690
2027	0	0	0	0	0	0	0	0	7,528	0	0	0	0	0	54,136	(11,910)	49,754
2028	0	0	0	0	0	0	0	0	7,528	0	0	0	0	0	0	(11,909)	(4,381)
2029	0	0	0	0	0	0	0	0	755	0	0	0	0	0	0	0	755
Thereafter	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,695</u>	<u>30,867</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,675</u>	<u>(67,856)</u>	<u>162,408</u>	<u>(47,639)</u>	<u>109,150</u>

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA
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XYZ - Sample Agency
(continued)

Paragraph 45(i): Schedule of Amortization of Deferred Inflows and Outflows of Resources:

Year Ended September 30 (or other year end if not September 30):	
2025	\$35,332
2026	27,690
2027	49,754
2028	(4,381)
2029	755
Thereafter	0

PENSION EXPENSE

Service Cost	\$24,430
Interest on the total pension liability	123,964
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total pension liability	7,528
Expensed portion of current-period changes of assumptions	0
Member contributions	(14,177)
Projected earnings on plan investments	(80,187)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(11,910)
Transfers among employers	0
Recognition of beginning deferred outflows of resources as pension expense	58,264
Recognition of beginning deferred inflows of resources as pension expense	<u>0</u>
Pension Expense (Income)	\$107,912

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA GASB STATEMENT NO. 68
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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service Cost	\$24,430	\$21,010	\$15,437	\$14,938	\$21,471	\$18,606	\$15,865	\$16,716	\$15,794	\$14,527
Interest	123,964	119,714	119,906	116,262	105,890	103,913	100,059	86,224	81,553	78,643
Changes of benefit terms	0	32	0	0	0	0	0	0	0	0
Differences between expected and actual experience	38,395	56,355	284	28,049	102,407	1,305	24,081	13,300	17,852	0
Changes of assumptions	0	0	48,484	0	0	5,612	0	168,199	0	0
Benefit payments, including refunds of employee contributions	(140,058)	(140,058)	(128,808)	(95,060)	(95,060)	(95,060)	(85,496)	(56,805)	(56,805)	(56,805)
Transfers among employers	0	0	0	0	0	0	0	0		
Net change in total pension liability	46,731	57,053	55,303	64,189	134,708	34,376	54,509	227,634	58,394	36,365
Total pension liability - beginning	1,733,976	1,676,923	1,621,620	1,557,431	1,422,723	1,388,347	1,333,838	1,106,204	1,047,810	1,011,445
Total pension liability - ending (a)	\$1,780,707	\$1,733,976	\$1,676,923	\$1,621,620	\$1,557,431	\$1,422,723	\$1,388,347	\$1,333,838	\$1,106,204	\$1,047,810
Plan fiduciary net position										
Contributions - employer	\$40,532	\$32,370	\$28,633	\$21,139	\$11,969	\$12,759	\$11,367	\$10,357	\$5,468	\$5,662
Contributions - member	14,177	12,966	11,604	12,038	64,308	11,785	11,232	11,851	10,557	9,934
Net investment income	139,736	(171,042)	259,680	67,276	30,486	104,346	135,549	102,354	12,226	114,792
Benefit payments, including refunds of employee contributions	(140,058)	(140,058)	(128,808)	(95,060)	(95,060)	(95,060)	(85,496)	(56,805)	(56,805)	(56,805)
Transfers among employers	0	0	0	0	0	0	0	0	0	0
Administrative expense										
Net change in plan fiduciary net position	54,387	(265,764)	171,109	5,393	11,703	33,830	72,652	67,757	(28,554)	73,583
Plan net position - beginning	1,119,015	1,384,779	1,213,670	1,208,277	1,196,574	1,162,744	1,090,092	1,022,335	1,050,889	977,306
Plan net position - ending (b)	\$1,173,402	\$1,119,015	\$1,384,779	\$1,213,670	\$1,208,277	\$1,196,574	\$1,162,744	\$1,090,092	\$1,022,335	\$1,050,889
Net pension liability (asset) - ending (a) - (b)	\$607,305	\$614,961	\$292,144	\$407,950	\$349,154	\$226,149	\$225,603	\$243,746	\$83,869	(\$3,079)
Plan fiduciary net position as a percentage of the total pension liability	65.90%	64.53%	82.58%	74.84%	77.58%	84.10%	83.75%	81.73%	92.42%	100.29%
Covered payroll*	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX
Net pension liability (asset) as a percentage of covered payroll	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%

*Employer's covered payroll during the measurement period is the total covered payroll. For FY2024 the measurement period is October 1, 2022 – September 30, 2023.
GASB issued a statement "Pension Issues" in March, 2016 to redefine covered payroll beginning with FY2017.

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA GASB STATEMENT NO. 68
PREPARED AS OF SEPTEMBER 30, 2023

EXYZ- Sample Agency

(continued)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution*	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX
Contributions in relation to the actuarially determined contribution*	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll**	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX	\$X,XXX
Contributions as a percentage of covered payroll	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%

*The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

**Employer's covered payroll for FY2024 is the total covered payroll for the 12 month period of the underlying financial statement

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2024 were based on the September 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2023 to September 30, 2024*:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	27 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

*If the employer's financial reporting period end is other than September 30, 2024, additional assumptions should be reported for the basis of determining the portion of the contribution prior to or subsequent to this period.

XYZ- Sample Agency

Journal Entries For Employer's Fiscal Year Beginning After June 15, 2023 (September 30, 2023 Measurement Date)

	DR	CR
Entry #1		
Deferred outflows of resources		\$75,036
Pension expense	\$67,380	
Deferred inflows of resources		
Net pension liability	\$7,656	
	\$75,036	\$75,036

To record current year activity to roll the net pension liability and deferred inflows and outflows from 9/30/2022 to 9/30/2023

Entry #2

Pension Expense	x,xxx	
Deferred outflows of resources—Employer contributions subsequent to the measurement date-Prior year		x,xxx

To reverse the prior year GASB 71 entry. Amount used by actuary to calculate pension expense is \$40,532 which may differ from actual entry made by employer.

Entry #3

Deferred outflows of resources – Employer contributions subsequent to the measurement date—current year	x,xxx	
Pension expense		x,xxx

To record the current year GASB 71 entry: current year employer contributions paid to plan subsequent to the measurement date—these do not include PRDB and Admin Exp.

Employer
Employer Code

Sample School
Association TXYZ

Required Disclosures and Supplementary Information
For Employer's Fiscal Year Ended September 30, 2025 Financial Statements
Related to Participation In Teachers' Retirement System of Alabama

(September 30, 2024 Measurement Date)
(\$ thousands)

Contributions made during the measurement period and applied to pension liability: (10/1/2023 to 9/30/2024) \$165 (i)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Employer's proportionate share of collective net pension liability	\$2,007
Employer's proportion of collective net pension liability	0.015427%
Increase/(decrease) from proportion measured as of September 30, 2023	(0.000759%)
Employer's recognized pension expense	\$183

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$200	\$14
Changes of assumptions	31	0
Net difference between projected and actual earnings on pension plan investments	0	329
Changes in proportion and differences between Employer contributions and proportionate share of contributions	0	158
Employer contributions subsequent to the measurement date	* (j)	0
Total	<u> *</u>	<u> \$501</u>

*Enter FY 2025 employer contributions related to all components of employer rate net of any refunds or error service payments and add for total Deferred Outflows of Resources.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2026	(\$75)
2027	54
2028	(133)
2029	(116)
2030	0
Thereafter	0

Employer
Employer Code

Sensitivity of the Employer's proportionate share of the collective net pension liability to changes in the discount rate:

	1% Decrease (6.45%)	Current discount rate (7.45%)	1% Increase (8.45%)
Employer's proportionate share of the collective net pension liability	\$2,790	\$2,007	\$1,347

Schedule of Proportionate Share of the Collective Net Pension Liability

	<u>2025</u>
Employer's proportion of the collective net pension liability	0.015427%
Employer's proportionate share of the collective net pension liability	\$2,007
Employer's covered payroll during the measurement period*	X,XXX
Employer's proportionate share of the collective net pension liability as a percentage of its covered payroll	X.XX%
Plan fiduciary net position as a percentage of the total collective pension liability	71.41%

*Employer's covered payroll during the measurement period is the total covered payroll (See GASB 82).
For FY 2025, the measurement period is October 1, 2023 – September 30, 2024.

<u>Additional Information</u>		
	(\$ thousands)	
	<u>9/30/2023</u>	<u>9/30/2024</u>
Collective deferred outflows of resources	\$2,970,188	\$1,493,074
Collective deferred inflows of resources	215,440	2,226,998
Collective net pension liability	15,957,844	13,008,144
Employer's proportion	0.016186%	0.015427%
Collective pension expense for the measurement period ended September 30, 2024:		\$1,605,066
The average of the expected remaining service:		4.80

Employer Employer Code

In addition, the following are associated with the Employer's fiscal year ended September 30, 2025:

- Employer contributions:
 - October 1, 2023 to September 30, 2024: \$165
(reported as a deferred outflow of resources at September 30, 2024, as required by paragraph 57 of Statement 68)
 - October 1, 2024 to September 30, 2025: \$X,XXX
(contributions subsequent to the measurement date of the collective net pension liability and before the end of the Employer's reporting period)
- Beginning deferred outflows of resources for changes in proportion and contributions in prior measurement periods (paragraphs 54 and 55 of Statement 68): \$15
 - Amount to be recognized as an increase in the Employer's pension expense for the measurement period ended September 30, 2024: \$15 (h)
- Beginning deferred inflows of resources for changes in proportion and contributions in prior measurement periods (paragraphs 54 and 55 of Statement 68): \$137
 - Amount to be recognized as a reduction of the Employer's pension expense for the measurement period ended September 30, 2024: \$78 (g)

	Proportionate Share at		Change in Proportionate Share of	
	9/30/2023 0.016186% (a)	9/30/2024 0.015427% (b)	Debit Balances (b) – (a)	Credit Balances (b) – (a)
Deferred outflows of resources	\$481	\$231	\$0	\$250 (a)
Deferred inflows of resources	35	343	0	308 (d)
Net pension liability	2,583	2,007	576 (f)	0
Proportionate share of collective pension expense:				246
Less amount of Employer Contributions				
10/1/2023- 9/30/2024 per Schedule of Employer Allocations				(165)
Net Pension Expense				\$81 (b)

	Collective Amount 9/30/2023	Proportionate Share At		Change in Proportionate Share	
		9/30/2023 0.016186% (a)	9/30/2024 0.015427% (b)	Debit Balances (b) – (a)	Credit Balances (b) – (a)
Deferred outflows of resources	\$2,970,188	\$481	\$458	\$0	\$23
Deferred inflows of resources	215,440	35	33	2	0
Net pension liability	15,957,844	2,583	2,462	121	0
Total of changes in the Employer's beginning reported balances				\$123	\$23
Total amount to be recognized for the net effect of the current year change in the Employer's proportion on beginning reported balances amortized over 4.8 years				(\$100)	

Employer
Employer Code

	Collective Amount at 9/30/2024	Proportionate Share at 0.015427% (a)	Employer Contributions (b)	Difference (c) = (b) – (a)
Employer contributions	\$1,066,094	\$164	\$165	\$1

	Deferred Outflows of Resources	Pension Expense
Change in proportion	\$0	\$0
Contributions during the measurement period	0	0
Net amount recognized	<u>\$0</u> (e)	<u>\$0</u> (c)

	Deferred Inflows of Resources	Pension Expense
Change in proportion	\$78	\$22
Contributions during the measurement period	0	(1)
Net amount recognized	<u>\$78</u> (e)	<u>\$21</u> (c)

Summary of State Employer Portion of All Deferred Outflows Due to Change in Proportion:									
<u>Amount Recognized in Pension Expense</u>									
Beginning Year	Amort. Period	Beginning Balance	2019	2020	2021	2022	2023	2024	Remaining Balance 9/30/2024
2019	5.1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	5.0	83		(17)	(17)	(17)	(17)	(15)	0
2021	4.8	0			0	0	0	0	0
2022	4.9	0				0	0	0	0
2023	4.8	0					0	0	0
2024	4.8	0						0	0
		<u>\$83</u>	<u>\$0</u>	<u>(\$17)</u>	<u>(\$17)</u>	<u>(\$17)</u>	<u>(\$17)</u>	<u>(\$15)</u>	<u>\$0</u>

Summary of State Employer Portion of All Deferred Inflows Due to Change in Proportion:									
<u>Amount Recognized in Pension Expense</u>									
Beginning Year	Amort. Period	Beginning Balance	2019	2020	2021	2022	2023	2024	Remaining Balance 9/30/2024
2019	5.1	\$50	(\$10)	(\$10)	(\$10)	(\$10)	(\$10)	\$0	\$0
2020	5.0	0		0	0	0	0	0	0
2021	4.8	154			(32)	(32)	(32)	(32)	26
2022	4.9	72				(15)	(15)	(15)	27
2023	4.8	47					(10)	(10)	27
2024	4.8	99						(21)	78
		<u>\$422</u>	<u>(\$10)</u>	<u>(\$10)</u>	<u>(\$42)</u>	<u>(\$57)</u>	<u>(\$67)</u>	<u>(\$78)</u>	<u>\$158</u>

Employer
Employer Code

Journal Entries			
<u>For Employer's Fiscal Year Ended September 30, 2025 (September 30, 2024 Measurement Date)</u>			
(\$ thousands)			
		DR	CR
Deferred outflows of resources – proportionate share of collective deferred outflows of resources			(a) \$250
Pension expense – net proportionate share of collective pension expense	(b)	\$81	
Pension expense – current year change in proportionate share			(c) 21
Deferred inflows of resources - proportionate share of collective deferred inflows of resources			(d) 308
Deferred inflows of resources - GASB 68 paragraph 54 and 55			(e) 78
Deferred outflows of resources - GASB 68 paragraph 54 and 55			
Proportionate share of collective net pension liability	(f)	576	
To record current year activity		657	657
Deferred inflows of resources – paragraph 54 and 55	(g)	78	
Deferred outflows of resources – paragraph 54 and 55			(h) 15
Pension expense			63
To record pension expense for paragraphs 54 and 55 deferred balances arising in prior measurement periods			
Pension expense		x,xxx	
Deferred outflows of resources – employer contributions subsequent to the measurement date - Prior year			x,xxx
To reverse the prior year GASB 71 entry. Amount used by actuary to calculate pension expense is \$165 (i) which may differ from actual entry made by employer.			
Deferred outflows of resources - Employer contributions 10/1/2024 – 9/30/2025 §	(j)	x,xxx	
Pension expense			(j) x,xxx
To record deferred outflows of resources for contributions subsequent to measurement date			
§ Amount of employer contributions related to all components of employer rate net of any refunds or error service payments			

Plan
Employer

Alabama Judicial Retirement
Fund Sample County

**Required Disclosures and Supplementary Information
For Employer's Fiscal Year Ended September 30, 2025
(September 30, 2024 Measurement Date)**

Pension Liabilities and Pension Expense

Employer's proportionate share of net pension liability	\$0	
State of Alabama's proportionate share of net pension liability associated with the Employer	\$412,983	
Total	\$412,983	
Employer recognized pension expense	\$61,719	(a)
Employer recognized revenue for State support	\$61,719	(b)

Schedule of Proportionate Share of the Net Pension Liability 2025

Employer's proportion of the net pension liability	0.0%
Employer's proportionate share of the net pension liability	0
State of Alabama's proportionate share of the net pension liability associated with the Employer	\$412,983
Total	\$412,983
Employer's covered payroll during the measurement period	%XX,XXX
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	N/A
Plan fiduciary net position as a percentage of the total pension liability	66.74%

**Journal Entries
For Employer's Fiscal Year Ended September 30, 2025 (September 30, 2024 Measurement Date)**

		DR	CR
Pension Expense	(a)	\$61,719	
Revenue – State aid	(b)		\$61,719

To record pension expense and revenue for State support

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA ACTUARIAL VALUATION AS OF SEPTEMBER 30, 2023

Rates Effective for Period Beginning October 1, 2025

XYZ Sample Agency

Our records indicate your agency has:

1. Not Elected Act 2019-132 (or Act 2022-348 if applicable) to allow Tier 2 members to receive the same benefits as Tier 1 members.
2. Not Elected Act 2011-676 to increase Tier 1 member contribution rates.

Summary of Employee Census Data

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Total</u>
Number of active members:	3	2	5
Annual compensation:	\$191,938	\$76,337	\$268,275
	<u>Retirees</u>		<u>Total</u>
Number of retired members and beneficiaries:	3		3
Annual retirement allowances:	\$140,058		\$140,058
	<u>Vested</u>	<u>Non-vested</u>	<u>Total</u>
Number of inactive members:	0	0	0
Accumulated contributions with interest:	\$0	\$0	\$0

Required Employer Contribution Rates*

	Retain Current Member Contribution Rates**	Elect to Increase Member Contribution Rates Under Act 2011-676	Elect Provisions of Act 2022-348 (related to Act 2019-132) and Retain Current Tier 1 Member Contribution Rates	Elect Both Act 2022-348 and Act 2011-676
Tier 1 Employees (applies to all members hired before January 1, 2013)				
Normal cost	6.67%	4.17%	6.67%	4.17%
Accrued liability	14.15%	14.15%	14.39%	14.39%
Pre-retirement death benefit	0.07%	0.07%	0.07%	0.07%
Administrative expense	<u>0.30%</u>	<u>0.30%</u>	<u>0.30%</u>	<u>0.30%</u>
Total Employer Contribution Rate	21.19%	18.69%	21.43%	18.93%
5% Employer contribution factor (21.19%/5% or 21.43% /5%)	4.238000		4.286000	
6% Employer contribution factor (21.19%/6% or 21.43% /6%)	3.531667		3.571667	
7.5% Employer contribution factor (18.69%/7.5% or 18.93% /7.5%)		2.492000		2.524000
8.5% Employer contribution factor (18.69%/8.5% or 18.93% /8.5%)		2.198824		2.227059
Tier 2 Employees (applies to all members hired on or after January 1, 2013)				
Normal cost	1.97%	1.97%	4.93%	4.93%
Accrued liability	14.15%	14.15%	14.39%	14.39%
Pre-retirement death benefit	0.07%	0.07%	0.07%	0.07%
Administrative expense	<u>0.30%</u>	<u>0.30%</u>	<u>0.30%</u>	<u>0.30%</u>
Total Employer Contribution Rate	16.49%	16.49%	19.69%	19.69%
6% Employer contribution factor (16.49%/6% or 16.49%/6%)	2.748333	2.748333		
7% Employer contribution factor (16.49%/7% or 16.49%/7%)	2.355714	2.355714		
7.5% Employer contribution factor (19.69%/7.5% or 19.69%/7.5%)			2.625333	2.625333
8.5% Employer contribution factor (19.69%/8.5% or 19.69%/8.5%)			2.316471	2.316471

*These rates reflect the third year of a phase-in of the cost of assumption changes over a period not to exceed five years.

**The total contribution rates without the phase-in would have been 21.92% for Tier 1 and 17.16% for Tier 2.

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA

ACTUARIAL VALUATION AS OF SEPTEMBER 30, 2023

Rates Effective for Period Beginning October 1, 2025

XYZ Sample Agency

(Continued)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b) ¹	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	Percentage of Covered Payroll ((b - a) / c)
9/30/2023	\$1,224,992	\$1,824,608	\$599,616	67.1%	\$268,275	223.5%
9/30/2022	\$1,255,313	\$1,769,709	\$514,396	70.9%	\$254,581	202.1%
9/30/2021 ^{3,5}	\$1,284,075	\$1,729,387	\$445,312	74.3%	\$218,224	204.1%
9/30/2020	\$1,251,708	\$1,621,884	\$370,176	77.2%	\$240,765	153.7%
9/30/2019	\$1,221,578	\$1,542,605	\$321,027	79.2%	\$231,969	138.4%

¹ Reflects liability for cost of living benefit increases granted on or after October 1, 1978.

² Reflects the impact of Act 2011-676, which increases the member contribution rates by 2.25% beginning October 1, 2011 and by an additional 0.25% beginning October 1, 2012.

³ Reflects changes in actuarial assumptions.

⁴ Reflects the impact of Act 2019-132 (or Act 2022-348 if applicable), which provides Tier 1 benefits to Tier 2 members.

⁵ Reflects the impact of Act 2022-351 (if applicable) and Act 2022-184.

Market Value of Assets as of September 30, 2023: \$1,173,402

Valuation date	9/30/2023
Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.45%
Projected salary increases*	3.25 – 6.00%
*Includes inflation at	2.50%
Cost-of-living adjustments	None

Please see the "Report on the Actuarial Valuation of the Employees' Retirement System of Alabama Prepared as of September 30, 2023" found at <https://www.rsa-al.gov/employers/financial-reports/> for a detailed description of the benefits, assumptions and methods used to determine the results shown in this statement.