

AMENDMENT 2: July 13, 2010 TO CONTRACT ETG0013 - CONSULTING ACTUARY- OTHER GROUP INSURANCE CONTRACT BETWEEN THE STATE OF WISCONSIN EMPLOYEE TRUST FUNDS BOARD AND DELOITTE CONSULTING LLP

This AMENDMENT to contract ETG0013 (“the original contract”) is being made pursuant to a correspondence memorandum from Jon Kranz, Director, Office of Budget and Trust Finance to the Employee Trust Funds Board, dated March 24, 2010, and related to an Extension of Actuarial Services Contracts.

The original contract terms are referenced throughout the amendment.

The original contract is amended as follows:

1. **Term.** The amendment extends the original contract, which is set to expire on September 30, 2010, for an additional two-year period. The contract so amended will expire on September 30, 2012.
2. **Scope.** The amendment expands the scope of services to be performed by DELOITTE CONSULTING LLP in years subsequent to the effective dates of the original contract. Particularly, and whereas the original contract called for an annual review of the Section 40.65 Duty Disability Program as detailed in Article 6.6, such review will be replaced by a broader Other Post-Employment Benefits (OPEB) valuation as outlined below:
 - a. An actuarial valuation of the 40.65 Duty Disability Program based on the requirements of GASB Statement No. 43.
 - b. The actuarial valuation will be performed as of January 1 of each year, and will include:
 - i. Calculation of the unfunded actuarial accrued liability
 - ii. Calculation of the annual required contribution (basis for the recommended premium schedule)
 - iii. Draft December 31 GASB No. 43 financial disclosure information
 - iv. Analysis of plan experience
 - v. 10-year projection of expected benefit payments

The services outlined above are identical in scope to additional services that have been performed bi-annually as an extension to ETG0013. An example of an agreement to perform such work in the past is detailed in the attached consulting agreement from Patrick Pechacek, Director, DELOITTE CONSULTING LLP, to Robert Willet, Controller and Chief Trust Financial Officer, DEPARTMENT OF EMPLOYEE TRUST FUNDS, dated November 17, 2008.

3. **Fees.** The cost of providing these services will continue to be billed to the DEPARTMENT OF EMPLOYEE TRUST FUNDS. The fees in consideration of the services as specified herein, which will be provided by DELOITTE CONSULTING to the BOARD for the specific benefit plans, are detailed below.

As stated in the original contract, the annual retainer fees for the annual actuarial reviews of the Income Continuation Insurance Program, the Section 40.65 Duty Disability Program and the Long-Term Disability Insurance Plan for the period October 1, 2007, to September 30, 2008, were \$39,800. Without a change in the scope of services, annual retainer fees are to increase no

more than the annual percentage change in the National (U.S. City Average) consumer price index for all urban consumers (CPI-U) through December of the year preceding the adjustment. Annual retainer fees for such services for the period October 1, 2008, to September 30, 2009, were \$41,764.

The fees for the biannual GASB 45 Duty Disability actuarial valuation performed as of January 1, 2010 are \$73,000.

As a result of the amendments to the original contract, baseline fees (i.e. the initial fee of \$39,800 to which a CPI-U adjustment is applied) in the original contract associated with annual reviews of the Income Continuation Insurance Program, the Section 40.65 Duty Disability Program and the Long-Term Disability Insurance Plan are hereby reduced by \$5,000.

Fees related to the biannual GASB 45 Duty Disability actuarial valuation will now be assessed annually. In order to reflect the efficiencies of performing this valuation annually, the fees for the valuation will be reduced to \$66,000 *per valuation*.

In summary, annual fees for the period of contract extension will be equal to \$34,800 multiplied by the applicable CPI-U adjustments from October 1, 2007, to the contract extension period; plus \$66,000 multiplied by the applicable CPI-U adjustments from October 1, 2009.

Retainer fees will be paid consistent with Section 5.1.B of the original contract. Fees related to special projects not specifically outlined within Article 6 or this amendment to the original contract will follow the guidelines detailed in Section 5.2.

ARTICLE 7. RESPONSIBILITIES OF THE BOARD and ARTICLE 8. MISCELLANEOUS PROVISIONS of the original contract remain unchanged.

IN WITNESS WHEREOF, the parties hereto cause this amendment to contract ETG0013 to be executed by their duly authorized representatives as of the day and year set forth.

DELOITTE CONSULTING LLP

Attest by: _____

By: _____

Date: _____

Title: _____

STATE OF WISCONSIN

Attest by: _____

By: _____

Date: _____

Title: _____