



Classic Values, Innovative Advice

April 23, 2010

City of Allentown
Purchasing, Room 234
435 Hamilton Street
Allentown, PA 18101-1699

Attn. Mary Ellen Koval

**Re: Request for Proposal – Actuarial Valuation Services RFP No. 2010-12
Technical Proposal**

Dear Ms. Koval:

Please find enclosed five (5) copies Cheiron's Technical Proposal to provide Actuarial Valuation Services for the City of Allentown, as well as our sealed dollar cost bid under separate cover.

If you have any questions, please feel free to call.

Sincerely,
Cheiron

Karen Zangara

Karen Zangara, FSA, EA
Consulting Actuary

Enclosures



**Proposal to Provide
Actuarial Valuation Services**

to the

City of Allentown

RFP No. 2010-12

TECHNICAL PROPOSAL

April 23, 2010

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Dear Ms. Koval:

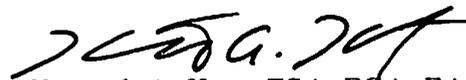
Cheiron is pleased to present this proposal for actuarial services to the City of Allentown. As you read our responses, we hope the following key Cheiron themes will become apparent:

- **Extensive Experience:** Our consultants have years of experience addressing the unique needs of some of the largest public pension funds in the country. Current and past accounts include the statewide retirement systems of Pennsylvania Municipal Retirement System, Maryland, Montana, Florida, Maine, Delaware, Kansas, Connecticut, Vermont as well as Fairfax County and Arlington County, Virginia, and the city retirement systems of Philadelphia, San Diego, San Francisco, Baltimore, Annapolis, Norfolk and the District of Columbia.
- **Unique:** Cheiron’s success is based on creating imaginative, sophisticated and clearly understandable solutions to financial challenges that enable our clients to make the best policy, funding and design decisions for their funds and beneficiaries.
- **Dynamic:** Our interactive modeling skills are perhaps the single greatest differentiator between our firm and others. These dynamic models permit “what-if” scenarios to be presented instantaneously at meetings, educating all interested parties of your pension plans’ funded status and contribution requirements. Thus, by the end of the meeting, you can make knowledgeable decisions impacting your plans.
- **Focused:** Our focus is on our clients. For more than 25 years, our consultants have developed lasting relationships with our clients, and gained their respect through high-quality work and value-added services. That client orientation has been rewarded by the steady growth of our client base. We have never been terminated from a large account.

For more information about our company and our distinctive style of consulting, please visit our website at www.cheiron.us. Thank you for considering Cheiron, and we look forward to answering any questions you may have.

Sincerely,
Cheiron


Karen Zangara, FSA, EA
Consulting Actuary


Kenneth A. Kent, FSA, FCA, EA
Consulting Actuary



TECHNICAL PROPOSAL

A. Proposal Cost

The price for the completion of the preparation of reports required under Act 205 as described above, under Scope of Work sections I - VII of this Request for Proposal for the years 2010, 2011, 2012, 2013, and 2014.

Please see Price Proposal under separate cover.

B. Special Project Cost

Method for computing charges for special actuarial projects, if requested.

Please see Price Proposal under separate cover.

C. Financial Soundness of Proposer

The Proposer's two (2) most recent certified annual reports, including balance sheets and profit and loss statements, should be submitted with its proposal. All information pertaining to the financial soundness of Proposers shall remain confidential. The City of Allentown will contract only with a Proposer found to be financially sound. In addition, the City should be notified if there is a major claim(s) against the firm that could impact on their ability to perform.

With regard to Cheiron's most recent annual reports, as a private company, Cheiron will be happy to share detailed financial statements should we be selected as a finalist for this RFP. Cheiron deems the financial information requested to be extremely confidential.

Cheiron's capital structure does not rely on revolving debt, nor indeed long-term debt that will require refunding at maturity. We do maintain a borrowing facility with our bank as a mechanism for cash flow management and tax planning. So far we have called on this facility on two occasions with a maximum borrowed balance of under \$200,000 (less than 2% of our revenues). Our borrowing needs are most likely to occur at the start of the fiscal year after cash built-up during the prior year is distributed in the form of bonus remuneration. In this regard, it is important to know that the senior staff receives a high proportion of their overall compensation by way of bonuses, which mitigates borrowing requirements and enhances cash flow during the year. Should Cheiron experience a severe drop in revenues, the cash build up would be less and the bonus payments would fall commensurately. In short we aim to maximize our flexibility in remuneration to achieve a fiscally sound long-term business plan. We are happy to report that Cheiron has been steadily growing since its formation in 2002, and in 2009 firm-wide revenues exceeded \$10 million. We have distributed profits in each year of our existence.

D. Key Personnel

The names, titles, and areas of responsibility for key personnel to be assigned to Actuarial Valuation Services (include resume which indicates background and experience).

- **Karen Zangara, FSA, EA, MAAA** is proposed as the lead actuary for this engagement. Karen has over 12 years of experience advising on actuarial, financial, compliance and administrative matters associated with retirement plans. Karen's primary focus has been pension plan valuations, including funding and accounting requirements. In addition, she has had extensive experience with employee benefit statements, experience studies, and pension plan design analysis. Since joining Cheiron, Karen has worked on the Pennsylvania Municipal Retirement System, the City of Philadelphia Municipal Retirement System, and the City of Philadelphia Postretirement Health Plan. She is very well versed with Act 205 and Act 44. Her other public sector experience includes backup consultant for the Arlington County Employees' Retirement System and the San Diego City Employees' Retirement System excess benefit plan.
- **Kenneth A. Kent, FSA, FCA, EA, MAAA** is the proposed backup actuary and peer reviewer for this engagement. Ken, with over 30 years of actuarial consulting experience, joined Cheiron in 2005 from a large national consulting firm where he was responsible for all multiemployer work for the Mid-Atlantic region and is one of six public sector experts nationally. Ken's expertise in managing the complex financial, regulatory, legal and administrative issues surrounding pension and defined contribution plan design and funding strategies has helped scores of public sector and corporate plan sponsor clients, as well as multiemployer, single employer plans since 1976. Ken, as a past Vice President of Pensions for the American Academy of Actuaries, has testified before Congress on issues of pension funding and reform. He is the current chair of the Public Plan Subcommittee of the American Academy of Actuaries.

Ken has over 20 years of experience working with the City of Philadelphia, both in his present tenure with Cheiron as well as with a prior employer. He also has been the lead actuary for the Pennsylvania Municipal Employees' Retirement System (PMRS) since 2006. In his capacity as PMRS's actuary and the City of Philadelphia's actuary, he has worked extensively with Act 205, completing the full form filings and working from time to time with the State Treasurer's office in addressing the needs and special issues. Additionally, he has had a long standing working relationship with the State Retirement Commission.

- **Anu Patel, ASA, EA** is the proposed project manager for this engagement. Anu has over ten years of experience in retirement plans. Her experience is primarily in the employee benefits arena, and her primary responsibilities include all aspects of pension and retiree medical actuarial valuations, benefit calculations, experience studies and plan design studies. Anu has experience working on other public sector plans including the City of Philadelphia Municipal Retirement System, Maine Public Employees Retirement System and the DART Contributory Pension Plan.

Complete résumés for each of these individuals can be found in Appendix A to the proposal. Additional staff will be assigned upon contract award, based on availability and skill-set.

E. Include in your proposal the following information:

1. Firm name, address, phone number, fax number, and person responsible for this proposal.

Firm name: Cheiron, Inc.

Address:	<u>Philadelphia, PA office</u> 1000 Atrium Way Suite 403 Mount Laurel, NJ 08054	<u>Washington, DC office</u> 1750 Tysons Boulevard Suite 1100 McLean, VA 22102
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Phone: 877-243-4766 703-893-1456

Fax: 609-257-0093 703-893-2006

Contact: Karen Zangara, FSA, EA, MAAA

2. How long your firm has been in business.

Cheiron was incorporated in the State of Delaware in September 2002 and began business in November 2002.

3. How long your firm has serviced local government pension plans.

Cheiron has been servicing local government pension plans since its inception in 2002. However the consultants at Cheiron have performed the required services listed in this RFP for public plans of the same complexity as that of the City of Allentown for more than 25 years.

4. How many Actuarial Valuation Reports and Act 205 Forms did your firm complete for submission to PERC for the following years:

2005	<u>none</u>
2006	<u>4 forms</u>
2007	<u>680+ forms</u>
2008	<u>4 forms</u>
2009	<u>690+ forms</u>

5. How do you present the results of the Actuarial Report to the municipality?

Mail Telephone _____ Client Meeting
Other _____ Explain: _____

6. If by client or telephone conference call, are the fees for this service included in the material report fees? If not, what is the fee?

Yes – these fees are included in the material report fees.

7. How many allocation reports and/or Act 205 Forms for submission to PERC did you complete for City sponsored defined benefit plans in 2009?

Cheiron completed Act 205 Forms for 695 City sponsored defined benefit plans under the Pennsylvania Municipal Retirement System (PMRS). We also file for the Borough of Edwardsville. In addition, we completed two sets of forms (six forms altogether) for the City of Philadelphia Municipal Retirement System in order to reflect Act 205 Chapter 10 Section 1001(c) provisions.

8. How many people does your firm employ? Of those, how many employees deal with the local government plans?

Cheiron employs 61 staff nationwide, of which 31 are credentialed actuaries, all of whom service local government plans.

9. How are you compensated, i.e., fee-for-service, hourly, etc.?

Cheiron's consulting actuaries are compensated with a total compensation package, which includes a base salary, benefits, and bonuses. There are no hidden compensation elements which may bias our work, such as kick-backs for recommending other vendors or services.

10. Give a complete list of proposed fees broken down by each of the three pension plans.

Please see Price Proposal under separate cover.

Supplemental

A. Firm's Qualifications, personnel, and organizational strengths and achievements.

Cheiron's senior consultants all have significant public sector experience, many with other firms who have come together to concentrate this expertise in a firm dedicated to bring more proactive consulting to public plans.

The following lists the public sector sponsors of retirement funds which have been served by one or more of Cheiron's consultants:

State & Federal Government

- Delaware Public Employees' Retirement System (7 plans)
 - County & Municipal Employees' Pension Plan
 - Diamond State Port Corporation Pension Plan
 - Delaware County & Municipal Police/Firefighters Pension Plan
 - Special Pensioners
 - Delaware State Judiciary Pension Plan
 - Delaware State Police Pension Plan
 - Delaware State Volunteer Firemen's Pension Plan
- Maine Public Employees Retirement System (4 plans)
 - Judicial Retirement Program
 - Legislative Retirement Program
 - Consolidated Plan for Participating Local Districts
 - State Employee and Teacher Retirement Program
- Montana Public Employees Retirement Board (8 plans)
 - Firefighters' Unified Retirement System
 - Game Wardens' and Peace Officers' Retirement System
 - Highway Patrol Officers' Retirement System
 - Judges' Retirement System
 - Municipal Police Officers' Retirement System
 - Public Employees' Retirement System
 - Sheriffs' Retirement System
 - Volunteer Firefighters' Compensation Act
- Pennsylvania Municipal Retirement System
- State of New Jersey Pension & Health Benefits Review Commission
- US Army Nonappropriated Fund
- US Court of Appeals for Veterans Claims
- US Tax Court Survivors Annuity Plan

Local Government

- Amalgamated Transit Union Local 900 Pension Plan (Pace North)
- Arlington County Employees' Retirement System, VA
- Borough of Edwardsville
- City of Hampton Employees' Retirement System

- City of Norfolk Employees' Retirement System
- City of Peoria Police Pension Fund
- City of Philadelphia Municipal Retirement System
- DART Contributory Pension Plan
- District of Columbia Office of Personnel
- Employees' Retirement System of the City of Baltimore, MD (2 plans)
 - Elected Officials' Retirement System
 - Employees' Retirement System
- Fairfax County Retirement Systems, VA (3 plans)
 - Employees' Retirement System
 - Police Officers Retirement System
 - Uniformed Retirement System
- Kansas City Retirement Systems (2 plans)
 - Employees' Retirement System
 - Firefighters' Pension System
- Metropolitan Washington Council of Governments
- Retirement Plan for Pace West Division Employees
- Retirement Plan for the Police and Fire Departments of the City of Annapolis, MD
- City and County of San Francisco Employees' Retirement System
- San Diego City Employees Retirement System (3 plans)
 - San Diego County Regional Airport Authority
 - San Diego City Employees' Retirement System
 - San Diego Unified Port District
- Santa Barbara County Employees Retirement System
- Springfield Area Transit Co., Inc. (SATCO)
- Washington Metropolitan Area Transit Authority (WMATA)

The following are references with contact information:

Name of Jurisdiction:	Philadelphia Retirement Board
Contact Name:	Mr. Robert Dubow Finance Director & Chairman of Retirement Board 13th Floor, Municipal Service Bldg. 1401 J.F.K. Blvd. Philadelphia, PA 19102-1681 215-686-6140

Name of Jurisdiction:	Pennsylvania Municipal Retirement System
Contact Name:	Mr. James B. Allen Secretary Eastgate Center 1010 N. 7 th Street, Suite 301 Harrisburg, PA 17102-1400 717-787-2065

Name of Jurisdiction:	Baltimore City Employees' Retirement Systems
Contact Name:	Ms. Roselyn Spencer Executive Director 7 East Redwood Street 12th Floor Baltimore, MD 21202 443-984-3180

What Sets Us Apart

Designing technical projection models specifically as tools to communicate financial risks of pension funds to clients, Cheiron has developed a national reputation among public sector and multiemployer clients. Our rapid growth and innovative access to electronic file-sharing capability provide the flexibility to use our staff from any location efficiently.

One of Cheiron's great strengths is clear and dynamic communication.

Communication of final results is a facet of quality control. If one has completely "accurate" results but communicates them in a misleading or confusing fashion, the results could be misinterpreted. Communication is an area where we believe Cheiron is exceptionally strong and has the most to offer.

Our innovative communication techniques use interactive models that incorporate sensitivity analysis in forecast results. We do this for two reasons. First, our clients better understand the financial position of their plans, allowing them to make better, more informed decisions. Second, it is an excellent quality control feature.

As a firm-wide philosophy, we find too many funds have focused on short-term funding issues without understanding the long-term implications of the markets and benefit designs on the funding status. Our approach to consulting is one in which we focus on the risks of a retirement system by using our *P-scan* model to illustrate what risks are being taken and how they can be managed. We believe each year's traditional valuation is a snapshot of the long-term trends of any system's financing. Our approach is more like a motion picture. Many actuaries tend to hone in on the details of the impact on the current year's results compared to the prior year's results. *We believe this is a mistake.* Benefit programs are long-term propositions, and as such, any given year's results, in our opinion, are better received and understood when they are placed in the perspective of the past ten years or so.

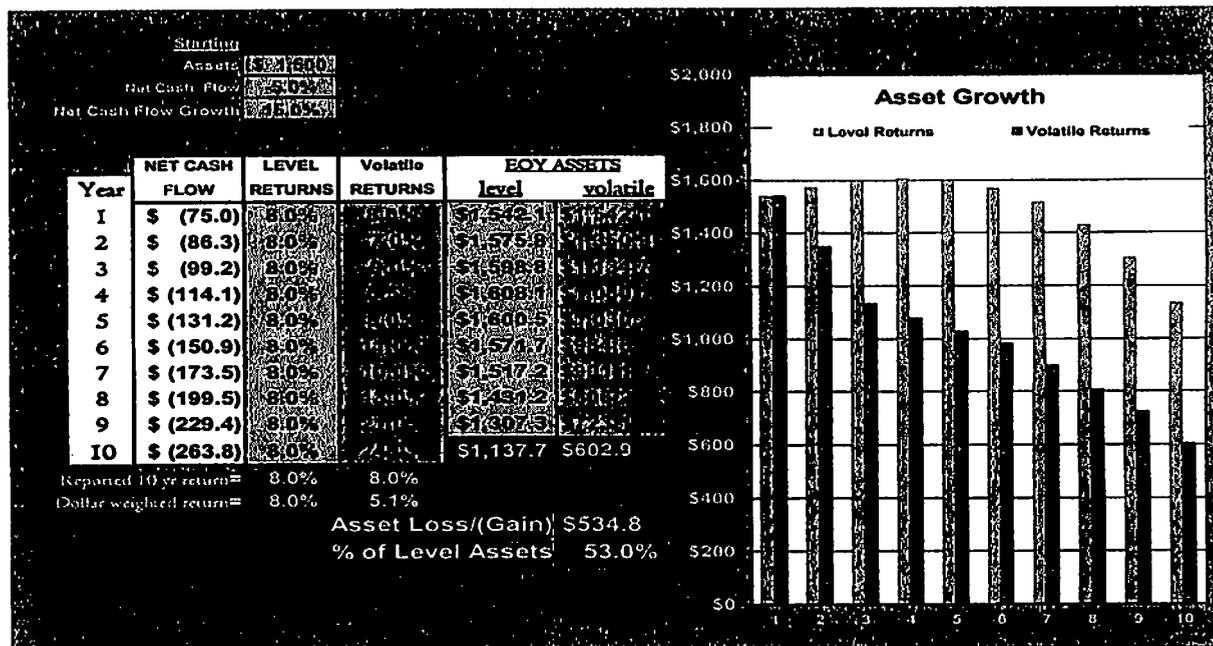
Any time we take over a new account we like to meet with the client and discuss any outstanding issues as well as review their objectives. We get a sense of the challenges facing the fund by reviewing the prior actuarial valuations and loading the results into our *P-scan* model. Coupled with discussion of the long-term goals and objectives of Trustees, we begin to service the fund at the level they require.

With respect to our technology, we present a number of screen shots of our valuable interactive tool, *P-scan*. We use *P-scan* to communicate and illustrate expected future events

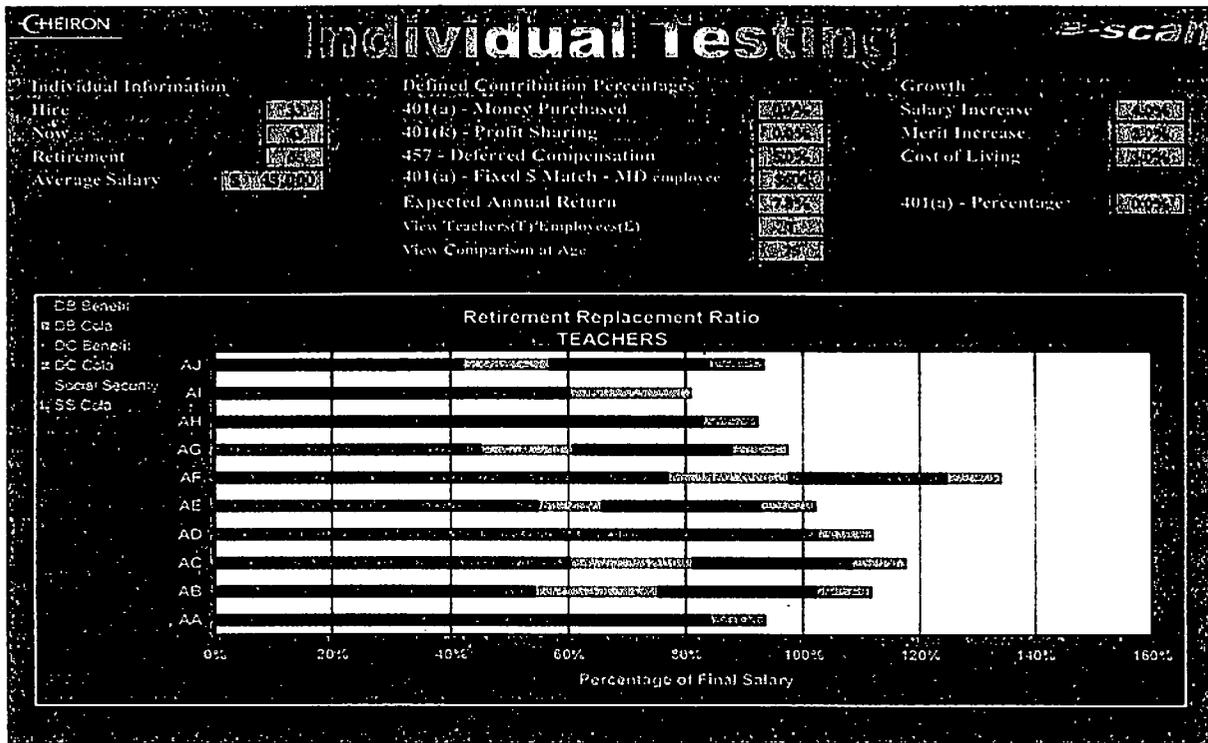
and the various financial risks inherent in providing guaranteed benefits. If we are so fortunate to be called in as finalists for the City, we will demonstrate the capabilities of this model at that time.

Below are a couple of examples:

For mature pension plans where benefit payments are a significant portion of assets and exceed the annual contributions, negative cash flows during the adverse markets of the early 2000s required an understanding of how, when more funds flow out in these markets than come in, they are never there to recoup the lost investment returns when markets improve. We have used the following graphic to show how, over a period of time, a fund can achieve its actuarial assumption of say 8.0% but not actually achieve the expected growth of assets.



Another model was developed when one of our state systems wanted a comparison of other local systems for both comparability discussions and to explore the equivalent value of considering a defined contribution alternative. This interactive model provided the opportunity to explore these alternatives and at the same time identify the implications among competing labor competitors.



As stated above, we use these tools to provide visual aids in conducting discussions and addressing topics in a thorough way. They allow our clients to ask questions and explore issues, making comparisons of results to enhance their understanding of the implications of the decisions they face.

They also allow Cheiron's seasoned and experienced consultants the ability to illustrate their explanations of complex results in a form and at a level that we have found effective through years of working with pension boards similar to the City of Allentown's. These are interactive models that allow us to demonstrate the impact of alternative benefit structures spontaneously.

We are dedicated and fully equipped to discuss all actuarial matters in a similar manner that is empowering and easily understood in order for the City to make the best-informed financial decisions.

Technology

Cheiron utilizes actuarial valuation software leased from Winklevoss Technologies (WinTech) called ProVal. WinTech provides similar lease arrangements to consulting firms and insurance companies nationwide. ProVal is one of the most widely accepted high-end defined benefit valuation systems available today, easily handling large valuation cases on a PC or LAN. The WinTech Pension Product can value plans using select and ultimate interest rates, multiple funding methods, cash balance benefit formulas, multiple decrements, actuarial gains and losses by source, and open and closed group forecasts. ProVal's full functionality includes built-in reporting, contribution and expense determination, extensive documentation, and a host of other features. Recent enhancements include the use of

generational mortality tables and an expanding suite of funding report capabilities. With WinTech's superior actuarial valuation system as our foundation, Cheiron's exciting innovations, such as *P-scan*, *H-scan*, and *B-scan* become powerfully effective products. Also, from a quality control point of review (risk management), this arrangement is beneficial to our clients and to our firm since many of the basic computations will be performed by industry-trusted software.

All Cheiron employees have desktop or laptop computers with fully encrypted hard drives, using PGP encryption software. Our flexible use of technology allows our organization to be fluid in distribution of work assignments. Our secure internet access to our paperless filing system means we have access to all corresponding reports and work files on site at client meetings to access answers to questions that may emerge at a meeting.

Sharing of data, as well as backup and archiving operations, are handled through secure network attached storage in our Washington, DC location, which can be accessed externally through secure VPN and FTP connections. In this manner data can be securely accessed by authorized Cheiron employees anywhere in the world, files can be stored and backed up offsite for disaster recovery purposes, and project files can be moved to off-line storage on non-volatile media such as CDs and tapes for archival purposes. We regularly use the backup system to restore files as necessary.

Client projects and files are typically distributed among multiple employees and therefore not as susceptible to catastrophic failures from one particular system and/or individual computer. In addition, final work products are transferred to a centralized location and disk-based file backup is performed periodically to a centralized network storage device with redundant power supplies and a RAID 5 storage configuration for additional safety and security.

P-scan Applications

Cheiron created *P-scan*, an interactive program using a Microsoft Excel platform supplemented at times by Visual Basic modules and Access database software.

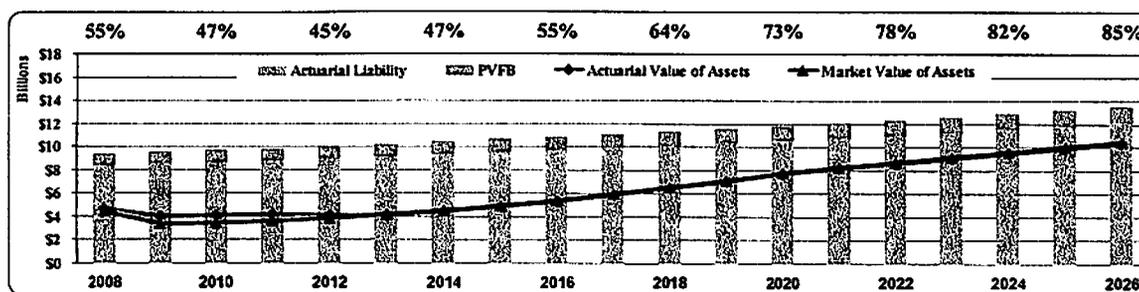
P-scan is our proprietary software that provides long-term pension plan forecasting of contributions and liabilities based on:

- User specified economic scenarios
- Preferred measurements like ARC vs. legislative defined costs
- Funding method and assumption alternatives
- Benefit structure

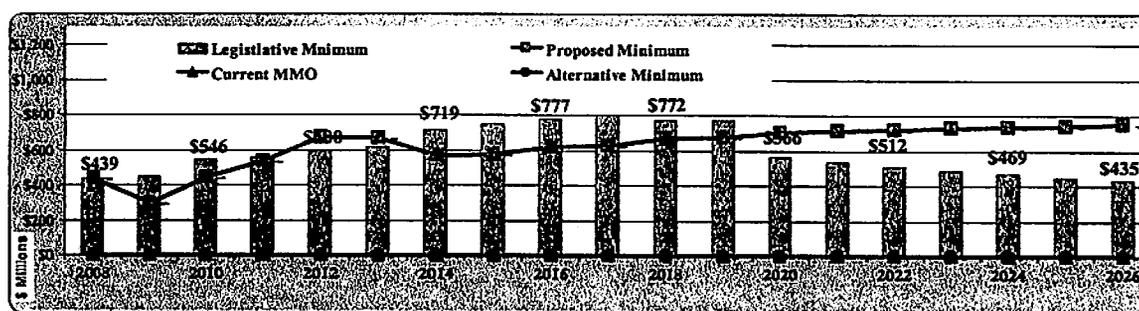
all as a means of providing a long-term funding view focused on presenting the risk profile of a system and addressing answers for the Board.

Finally, *P-scan* also has the capabilities to perform multiple stochastically based forecasts, enabling all our projections to incorporate probabilistic answers. The following are sample screens from a typical *P-scan* for a public sector pension plan.

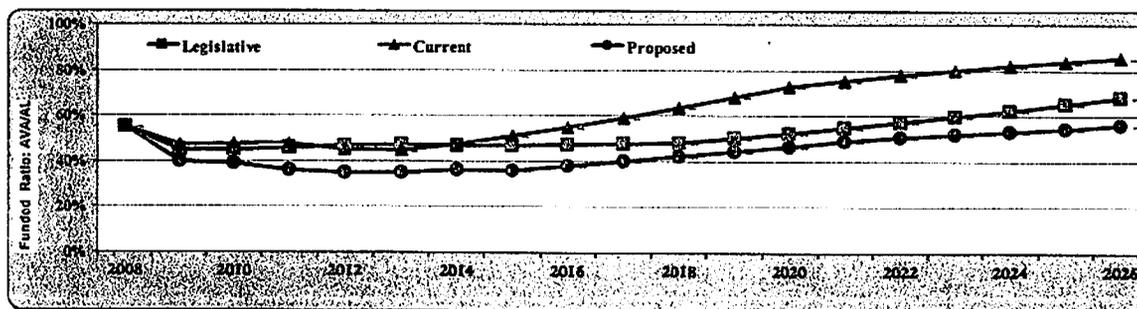
Below are three screen shots from our model. This first graph demonstrates the relationship of assets (the lines) to liabilities and the gradual progress for funding (shown along the top as funded ratios):



This next graph shows alternative funding approaches between the legislative minimum and proposed minimum:



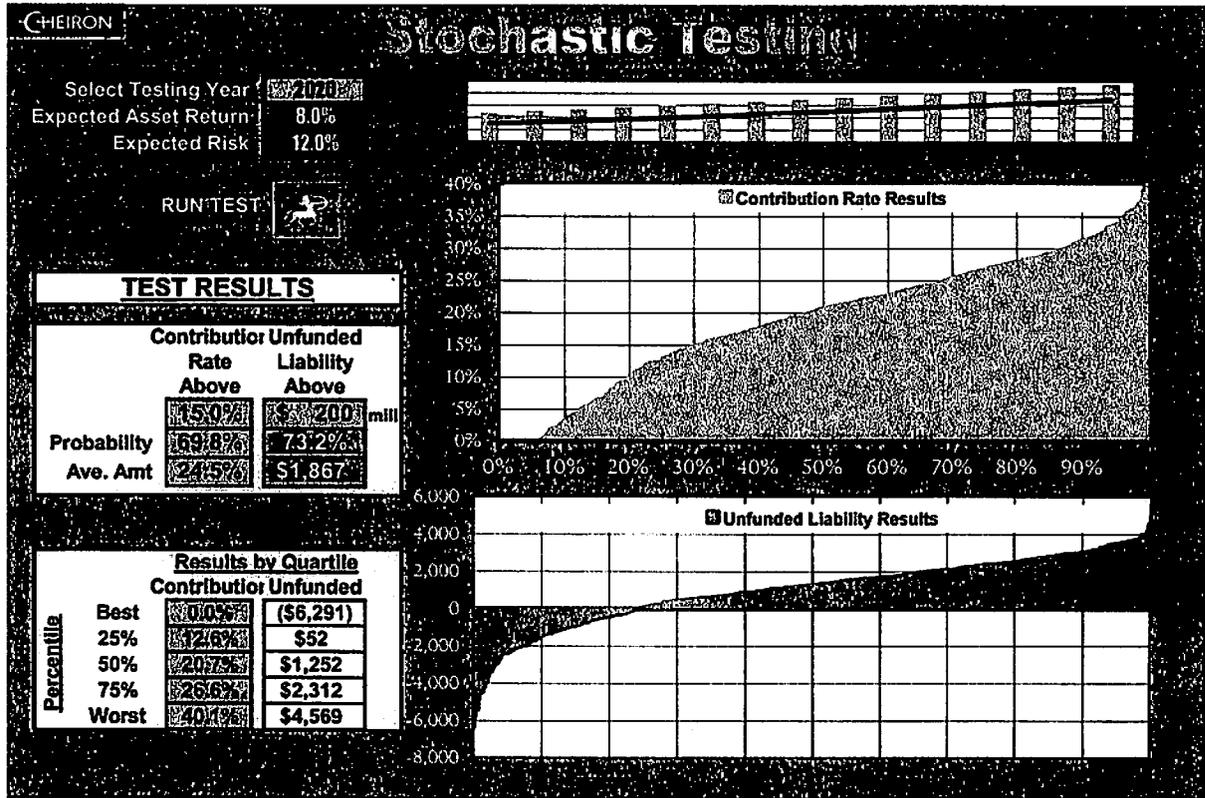
This final graph shows comparisons of three structures for funding:



In presentations we can move from one to the other and apply alternative amortization schedules.

In this way we help Boards identify the drivers of cost, the sensitivity of costs to alternative funding methods, and the long-term implications on funding.

This next screen shows a stochastic model that allows us to look at the distribution of funded status and cost at a future date. Coupling this with looking at alternative methods, assumptions, and benefit designs, Boards can see the impact, and statements of differences in risks can be articulated.



It is important to note that *P-scan* is a regular part of our valuation process, not an optional add-on. We will use it at all of our Board presentations as well as within the actuarial valuation reports themselves.

H-scan is our proprietary software that provides forecasting of contributions, benefits, and liabilities for health care, disability, life insurance, and other non-pension benefits. *H-scan* is interactive: allowing the consultant and client to vary key components such as trends or employee cost sharing. The interactive analysis allows decision makers to better understand both the projections themselves and which components are the most sensitive and how they impact the bottom-line. We further discuss the likelihood of any option that is simulated. *H-scan* is set up in a module approach so that potential changes can be more easily analyzed, providing for both a higher quality product and a quicker turn around.

One important step, as we develop a track record, is to reconcile emerging history with our *H-scan* projections. This analysis shows how accurate our projections were and makes us more accountable and capable of setting the assumptions better.

B-scan is an online benefit calculation and projection system designed to assist the plan administrator. Participant information can be instantly updated from your payroll system to ensure calculations and projections include the most up-to-date information. Plan administrators can access it via a password-protected Internet site to have constant access.

Quality Control

We are well aware of the increasing number of funds that have experienced quality control problems with the work from their consultants. Some of these situations have resulted in litigation, fueling the growing trend of actuarial firms seeking limits on their liabilities. We believe there are alternative ways to deal with our business risk. Cheiron will never seek to impose blanket liability limits. Of course, we know that no actuarial firm, including ours, is completely immune to making mistakes. The key for our firm is that we employ effective internal quality control procedures that minimize the frequency and impact of any mistakes.

Cheiron's approach to quality control is based on the experience we have gained working for many multi-billion dollar funds for more than 20 years. Over that time frame, *there has not been a single claim for a mistake made by one of our consultants*. The approach we use at Cheiron supplements the typical industry quality control standards of "doers, checkers, and peer reviewers" on work being performed. We employ these enhanced procedures:

- **Visionary Responsibility:** Chief or lead actuaries that are responsible to make sure from the highest level that proper procedures and techniques are being incorporated and that our consulting is visionary and leading edge.
- **Back-up Plans:** 1) Assign an account team to include a lead consultant with a back-up consultant. 2) If a client is about to go into a period where the Board is meeting or negotiations are taking place, personnel are lined up to work the hours needed to not only answer questions but to peer review and check numbers. 3) Maintain an internal Client Services Director to insure availability of consultants on rush basis.
- **A top down consultant approach:** At Cheiron, our consultants get their "hands dirty" in the work and are adept at computer programming and performing detailed computations. They do not solely rely on lower level technicians in back rooms to perform all the calculations, because the back room approach is fraught with risk and in fact is no longer necessary given today's technological advancements. Any of the deliverables that you receive from Cheiron will have been directly worked on by an FSA-credentialed actuary.
- **Open lines of communication:** Cheiron's consultants remain in contact with their clients throughout the consulting process, by validating data, checking assumptions, and verifying the reasonableness of preliminary results.
- **Clear communication of inherent uncertainties:** Where appropriate, Cheiron consultants present calculations and forecasts in terms of the likelihood of results, along with multiple numbers under various assumptions.

- **Certification of client work products:** The prescribed consulting services can run the gamut from “back-of-the-envelope” cost estimates – where either due to time or budget a fully certified work product is not necessary – to a fully certified actuarial report. Our consultants are adept at identifying the type of work product that fits the client’s needs and budget.
- **Interactive modeling with built in sensitivity and forecasting:** Cheiron essentially completes all actuarial or benefit design assignments using interactive models that do both sensitivity analysis and forecasting. This not only helps educate our clients, but it also provides an added check for us as consultants.

These quality control procedures are not just Cheiron’s company policy. These methods are the way our founding partners have always worked and new hires are trained to employ because we believe that it is the right way to do business. We believe that the best way to consistently produce high-quality work is to build into their routines ways to identify and catch errors as they are being made. This philosophy confirms their individual work ethic. Remember that over the last 20 years there has not been a single claim for a mistake made by one of our consultants. We believe this was due to more than good luck.

Appendix A
Staff Résumés

Karen M. Zangara
FSA, EA, MAAA

Karen Zangara has over 12 years experience of advising on actuarial, financial, compliance and administrative matters associated with retirement plans. Prior to joining Cheiron in January of 2009, she was a pension actuary and consultant with an international human capital and financial services consulting firm. Karen has managed all aspects of actuarial services for defined benefit pension plans.

Karen's professional experience has included evaluating a variety of pension plans and consulting with clients on these plans. She has experience determining the financial statement disclosures and annual accounting costs for pension and retiree medical plans and calculating and reviewing the annual funding results. Karen has also helped clients consider alternative pension / retirement programs, which includes analysis of the impact of plan design changes from various perspectives: employee, employer (both quantitative from a financial perspective and qualitative from an attraction/retention perspective), and administrative complexity. In addition, Karen has helped clients with a variety of issues such as data problems, administrative complexities, participant communications, and strategic workforce planning issues, which included projections of the current workforce and analysis of workforce availability in the future.

Karen is a Fellow of the Society of Actuaries, an Enrolled Actuary under ERISA, and a Member of the American Academy of Actuaries. She is a graduate of James Madison University with a Bachelor of Science in Mathematics and also has a Master of Science in Mathematics from the Virginia Polytechnic Institute and State University.

Kenneth A. Kent
FSA, FCA, EA, MAAA

Kenneth A. Kent, a Consulting Actuary for Cheiron, has over three decades of professional, managerial and public service experience working on challenging retirement plan assignments and public policy issues. His expertise in managing the complex financial, regulatory, legal and administrative issues surrounding pension and defined contribution plan design and funding strategies has helped scores of multiemployer, public sector and corporate plan sponsor clients since 1976.

Ken has more recently led the profession in addressing the ever changing landscape for pension reform. Working with actuaries throughout the country, Ken has orchestrated the development of a unified voice from the profession to guide Congress on issues of single and multiemployer issues to reform the funding rules and expand relief to employers and employees. Ken's wide-ranging expertise on pension matters led to his being called to testify before Congress on pension reform legislative proposals. He has met regularly with IRS officials to help work out interpretations and processes in an effort to expand the flexibility of Plan Sponsors in retaining their programs.

Some of his recent consulting assignments include:

- Developing a comprehensive retirement policy to benchmark and measure changing business needs against financial resources. This project included interviews with all stakeholders of a large public employer plan to develop a series of rules for the legislative body to refer to in addressing demands for benefit and cost change. The process included going back to identify the fundamental value for the system and the public in sponsoring a defined benefit plan and how it could help manage the various labor resources. The rules have been effectively employed in the decision process.
- Creating a standard Government Accounting Report format for meeting the emerging required disclosure of post-employment benefits. As standards of reporting change, they call for creative solutions in communicating the implications so public officials can understand the implication of the rules and emerging financial obligations of the public entity. This project was engaged when GASB was still issuing draft statements for what is now GASB 45.
- Designing a supplemental Executive Retirement Plan to reflect a phantom bonus arrangement within a targeted income replacement program. Financial incentives are a critical component of retention for highly effective management teams. This is just as true for smaller organizations as for Fortune 500 companies. In this case, while the client was a public company, they wanted to avoid the concerns over dilution of shares when issuing performance incentives tied to company performance. A special design was applied to meet these unique sets of goals to meet the company's needs.

- Evaluating cost protocols for Deferred Retirement Option Plans (DROPs). In the public sector arena, DROP plans have grown in popularity, often because they have been perceived as cost neutral benefits. However, they have a cost which is a function of the behavioral change on retirement date selection by plan participants. For one of Ken's large public employers, the plan design required a cost neutral basis to continue after a sunset provision, to ensure limited financial obligation to the employer. Working with the Pension Board, labor representatives and City administration a compromise was developed that held up through the sunset provision.

Ken's experience includes work for the Cities of Philadelphia, Pennsylvania, Miami, Florida, Wilmington, Delaware, the states of Utah and Alaska, the Washington Metropolitan Area Transit Authority, over 20 Police and Fire Fighter funds throughout West Virginia, and many large multiemployer plans throughout the east and southeast.

Ken has been a principal at several of the nation's largest actuarial consulting firms, including prior to joining Cheiron, Mercer Human Resource Consulting, Inc., simultaneously managing large client teams in several major U.S. cities. His civic activities include serving as Vice President of Pensions for the American Academy of Actuaries, President of the Conference of Consulting Actuaries, and Chair of the Joint Committee on the Code of Professional Conduct. He authored a recent white paper titled *Disclosure Under the Code of Professional Conduct -- Concepts on Professionalism*.

Anu Patel
ASA, EA

Anu Patel has over 10 years of experience in retirement plans. Anu joined Cheiron in July 2008. She previously worked at an international human capital and financial services consulting firm in Philadelphia where she served as actuary and project manager on actuarial assignments.

Her experience is primarily in the employee benefits arena. The projects she worked on involved all aspects of pension and retiree medical actuarial valuations including SFAS 87 and SFAS 106 expense calculations, SFAS 158 disclosures, accounting and funding projections, individual benefit calculations and benefit statements, government filings, non-discrimination testing, experience studies and plan design studies, and programming actuarial models.

The actuarial profession gives Anu the opportunity to utilize her analytical skills to understand the issues faced by clients and to develop unique solutions to address these issues.

Anu is an Associate of the Society of Actuaries and an Enrolled Actuary under ERISA. She is working towards a Fellowship in the Society of Actuaries. Anu graduated with an MSc in Actuarial Management from the City University of London, UK.