Missouri Local Government Employees Retirement System

Actuarial Audit Services Request for Proposal

Prepared: Nov. 13, 2026

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I. Introduction

The Missouri Local Government Employees Retirement System (“LAGERS” or the "system") is soliciting proposals from qualified actuarial consulting firms to perform an independent actuarial audit of the system's actuarial valuations and related Governmental Accounting Standards Board (GASB) Statement No. 68 financial reporting schedules. The purpose of this engagement is to provide an independent assessment of the reasonableness, accuracy, and appropriateness of the actuarial assumptions, methods, calculations, and processes utilized by the system's consulting actuary.

The actuarial audit is intended to provide the Board of Trustees and system management with additional assurance regarding the reliability of actuarial valuation results, the appropriateness of actuarial assumptions and methods, and the accuracy of the actuarial information used to determine employer contribution requirements and prepare financial reporting schedules.

The selected firm will be expected to conduct an objective and comprehensive review consistent with applicable actuarial standards of practice and generally accepted actuarial principles. The engagement will include an evaluation of the system's actuarial valuations, related GASB 68 calculations and schedules, and the processes used to develop and report actuarial information for participating employers.

The system seeks a firm with demonstrated expertise in public sector defined benefit retirement plans, particularly agent multiple-employer plans, and experience conducting independent actuarial audits and reviewing GASB 68 financial reporting calculations. The system seeks a firm with demonstrated expertise in public sector defined benefit retirement plans, experience conducting independent actuarial audits, and a thorough understanding of applicable actuarial standards and public pension funding practices.

II. Background

LAGERS provides retirement and other benefits to the employees and beneficiaries of more than 900 local government agencies in the state of Missouri. Established by the 74th Missouri General Assembly in 1967, LAGERS is administered under Chapter 70 of the Missouri Revised Statutes. LAGERS’ membership includes employees of many local government counties, cities, hospitals, libraries, ambulance districts, and other public entities. LAGERS has approximately 39,000 active members, 11,000 deferred members and 33,000 retirees. LAGERS consistently adds 15-25 new local government agencies to the system every year. LAGERS’ fiscal year start is July 1. The plan year begins March 1 for valuation purposes. Member employers elect their own fiscal year.

The system engages an independent consulting actuary to perform annual actuarial valuations, calculate employer contribution requirements, evaluate the System's funded status, and provide ongoing actuarial consulting services.

In addition to funding valuations, the system's consulting actuary prepares actuarial calculations and schedules necessary to support financial reporting under GASB Statement No. 68, Accounting and Financial Reporting for Pensions. As an agent multiple-employer plan, the system provides participating employers with information specific to their respective pension obligations, including net pension liabilities, pension expense, deferred outflows and inflows of resources, and related disclosures. This information supports participating employers in meeting their annual financial reporting requirements.

The system periodically conducts actuarial experience studies to evaluate the appropriateness of the demographic and economic assumptions used in its valuations. The most recent experience study covered the five-year period from March 1, 2020, through Feb. 28, 2025. Based on the results of this study, the system adopted updates to certain demographic and economic assumptions, which were incorporated into the Feb. 28, 2026, actuarial valuations.

As part of its ongoing commitment to sound financial management, transparency, and fiduciary responsibility, the system is seeking an independent actuarial audit of its actuarial valuations and GASB 68 financial reporting calculations. The audit will provide an independent assessment of the actuarial assumptions, methods, calculations, and reporting processes used by the system's consulting actuary and identify opportunities for improvement, as appropriate.

A. Overview of LAGERS' Benefit Structure

LAGERS is a statewide retirement plan and tax qualified, agent multiple employer governmental defined benefit plan that political subdivisions of the state of Missouri may adopt for their employees. LAGERS provides retirement, death, and disability benefits to employees of participating political subdivisions. All benefits vest after 60 months of service credit. Employees who retire on or after age 60 (55 for police, fire, public safety) with 60 or more months of service credit are entitled to an allowance for life based upon the benefit program then in effect for their employer. There are many different combinations of benefit options which may be elected, and subsequently changed, by each political subdivision.

If the political subdivision participates under the contributory plan, each employee contributes 2%, 4%, or 6% of gross monthly salary. If an employee leaves covered employment or dies before attaining five years of service credit, employee contributions may be refunded to the employee or designated beneficiary. Each participating employer is required by statute to contribute the remaining amounts necessary to finance the coverage of its own employees.

B. Overview of LAGERS' Valuations and Rate Determinations

LAGERS employer membership encompasses more than 900 individual local government entities and more than 83,000 active, deferred, and retired individuals. Each entity may classify employees into four separate classifications (general, police, fire, public safety) for valuation and other purposes. Each subdivision may have different benefit structures, amortization schedules, and funding schedules as provided for in statute, including a 1% cap on the maximum annual employer rate increase. LAGERS currently has over 1,300 separately determined employer contribution rates. Rates are determined based on plan data as of the last day of February each year and must

be provided to employers by June 30 of the same year. Data is provided to the actuary by mid-April of each year. All valuations and disclosures must encompass all required information in accordance with GASB 68 and all other applicable standards. LAGERS requires annual actuarial valuations for all employers, as well as supplemental valuations for possible employer benefit changes, as requested.

C. Overview of Significant Accounting Policies

LAGERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period in which the contributions are due and for which employee services have been rendered. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

D. LAGERS Actuarial Methods and Assumptions

Annual required contributions are determined using the entry age actuarial cost method. The actuarial assumptions include a 7% investment rate of return, projected salary increases, and other demographic assumptions. The actuarial value of assets are determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on varying amortization schedules to a maximum of 30 years.

III. Scope of Services

Limited Scope Sampling Audit

The purpose of this assignment is to review the work of LAGERS' retained actuary. The focus of this project is a review of the 2026 annual valuation, including GASB 68 data, to assure that the results presented are actuarially sound, reasonable, and consistent with industry standards. Using information and data provided by LAGERS, the audit shall produce a limited review of the retained actuary's work to the degree necessary for the firm to express opinions regarding the accuracy and/or reasonableness of the following:

1) The actuarial assumptions and methodology for compliance with generally accepted actuarial principles, state statutes, and board policies;

2) Valuation data including demographic, financial, and provision data for 10 sample employers as agreed between LAGERS and the firm;

3) Valuation results via sampling including a determination of actuarial accrued liability and normal cost. Test cases shall include, at a minimum, 40 active, 10 deferred, and 30 retired members. This allocation is negotiable and subject to change. For simplicity, test cases can be chosen from any of the 10 sample employers from (2). RFP responses may propose additional test case work, at an additional fixed cost, if there exists a concern on whether the minimum number of test cases is sufficient to express the opinions necessary;

4) The valuation appropriately reflects information required to be disclosed under required reporting standards (GASB, etc.).

The scope is flexible; in the event there are technical issues found with the calculations and additional sample lives or municipalities are needed, additional services will be handled on an hourly basis.

The report should include any recommendations regarding alternatives to the actuarial assumptions currently being used or in their application. In addition, the firm shall provide any recommendations to improve the quality and understanding of the valuation reports. The firm shall prepare a draft report of their findings for review and comment by LAGERS and GRS prior to the issuance of the final report. The firm shall prepare the final report reflecting their findings and present such report to the Board of Trustees at a designated meeting.

IV. Proposal Process

Award of the contract resulting from this RFP will be based upon the most responsive firm whose offer will be the most advantageous to LAGERS in terms of cost, expertise and other factors as specified in this RFP.

LAGERS reserves the right to:

- Reject any or all offers and discontinue this RFP process without obligation or liability to any potential firm.
- Accept other than the lowest price offered.
- Award a contract on the basis of initial offers received, without discussions or requests for best and final offers.

A. Questions Relating to the RFP

All questions concerning this RFP must be received by email by our contact person by November 30, 2026. No other LAGERS personnel are to be contacted in relation to this RFP unless directed to do so by our designated contact person.

B. Designated Contact Person

Contact person for all responses and communications:
Melissa Rackers
Chief Financial Officer
mrackers@molagers.org

C. Response Deadlines

The completed RFP response must be received by Dec. 14, 2026. Responses received after the response deadline will not be considered.

V. Selection Process

A. Evaluation Criteria

LAGERS staff will evaluate all timely and complete responses. LAGERS reserves the right to request that any response be clarified or supplemented.

The following elements will be the primary considerations in evaluating all submitted proposals and in the selection of a firm:

1. Ability to Perform Services: The firm's demonstrated ability to perform the scope of services outlined in this RFP, including the independent review of actuarial valuations and GASB 68 accounting schedules.
2. Relevant Experience and Qualifications: The firm's experience and expertise in providing actuarial audit services to public pension systems, particularly agent multiple-employer defined benefit retirement plans, and the qualifications of the professionals assigned to the engagement.
3. Professional Reputation and Performance: The firm's professional reputation, demonstrated track record, quality of services provided to similar clients, client references, and commitment to maintaining professional standards within the actuarial industry.
4. Independence and Conflicts of Interest: The firm's independence and the existence of any actual or potential conflicts of interest involving the firm or its assigned professionals that could affect the objectivity or integrity of the engagement.
5. Quality of Proposal: The overall quality, completeness, clarity, and responsiveness of the firm's written proposal, including its understanding of LAGERS' needs and proposed approach to performing the engagement.
6. Proposed Fees: The reasonableness and competitiveness of the proposed fees in relation to the scope of services, qualifications, and overall value provided to LAGERS. LAGERS is not obligated to select the firm submitting the lowest fee proposal and reserves the right to select the proposal that provides the best overall value to the system.

LAGERS may, at their discretion and without explanation to the prospective firms, at any time choose to discontinue this RFP without obligation to such prospective firms.

B. Quiet Time

The firm and its agents, officers, principals, and employees will not engage in any written or verbal communication during the selection period between the firm, or any individual assisting the firm to be selected and the LAGERS Board of Trustees, or any LAGERS employee, whether or not such individual or employee is assisting in the selection of the firm, regarding the merits of the firm or regarding whether LAGERS should retain or select the firm.

The firm will not engage in any lobbying efforts or other attempts to influence the LAGERS Board of Trustees or LAGERS employees, in an effort to be selected as the firm. Any and all such efforts made by the firm or its agents, officers, principals, employees, or lobbyists will be disclosed to the LAGERS Board of Trustees within five calendar days of becoming known.

Violations of these Quiet Time provisions may result in disqualification.

VI. Tentative Timetable

A. Sequence of Events

The following is the tentative time schedule for LAGERS' search for firms to provide the requested information. All dates are subject to modification by LAGERS.

- Issuance of RFP — Nov. 13, 2026
- Intent to respond — Nov. 30, 2026
- Question deadline — Nov. 30, 2026
- LAGERS response to questions — Dec. 7, 2026
- RFP response deadline — Dec. 14, 2026
- Selection made — Dec. 21, 2026
- Contract completion — Dec. 31, 2026
- Sharing of 2026 data — Jan. 4, 2027
- Draft report due to LAGERS — March 31, 2027
- Final report due to LAGERS — April, 2027 (Date TBD)
- Presentation to LAGERS' management — April, 2027 (Date TBD)
- Presentation to LAGERS' Board of Trustees — June, 2027 (Date TBD)

B. Explanation of Events

1. RFP Available
   This RFP is being issued by LAGERS on Nov. 13, 2026.
2. Intent to Respond
3. Potential firms should email a notice of intent to respond by 5 p.m. (Central) on Nov. 30, 2026.
4. Deadline for Questions, Clarifications, and Requests for More Information
   Potential firms should email questions and/or requests for any clarifications by 5 p.m. (Central) on Nov. 30, 2026.
5. Responses to Written Questions
   Responses to questions and any other documentation pertaining to this RFP will be e-mailed by 5 p.m. (Central) on Dec. 7, 2026.
6. Deadline for Delivery of Proposals
   Proposals pertaining to this RFP will be due on Dec. 14, 2026 by 5 p.m. (Central).

7. Selection of Auditing Actuary
   Upon completion of the proposal review and evaluation process, management will recommend a firm for consideration and approval by the Board of Trustees.
8. Sharing of the 2026 Actuarial Data for the 2026 Actuarial Valuation/GASB 68
   LAGERS will share the data submitted to GRS for the 2026 Actuarial Valuation and GASB 68 with the auditing actuary by Jan. 4, 2027.
9. Draft Report Due to LAGERS for Review and Comment
   The auditing actuary will submit its draft report to LAGERS by 5 p.m. (Central) on March 31, 2027.
10. Final Report Due to LAGERS
    The final report will be due to LAGERS approximately one month after the draft report with date to be determined.
11. Presentation of the Final Report to LAGERS' Management
    The final report will be presented to LAGERS' management virtually after the final report is completed. Date to be determined.
12. Presentation of the Final Report to LAGERS' Board of Trustees
    The auditing actuary will be required to present the results of the report at the June 2027 Board of Trustees meeting. Date to be determined.

C. Instructions for Submitting Questions and Proposals

All correspondence should be emailed to Melissa Rackers, Chief Financial Officer, at mrackers@molagers.org.

Confirmation of receipt will be provided via email on the same day it is received.

LAGERS reserves the right to retain all responses and documentation submitted and to use any ideas contained in responses regardless of whether that response is selected. Responses retained shall become the property of LAGERS and shall be public documents pursuant to Missouri law. Submission of a response constitutes acceptance of all conditions contained in this request for qualifications and quotations, unless clearly and specifically noted in the response submitted and confirmed and expressly accepted in the subsequent contract between the firm and LAGERS.

VII. Proposal Content Specifications

At a minimum, the proposal should include the following information:

A. Company Data

Include a summary of your firm including the length of time in business, narrative of your firm's qualifications to perform the work identified in this proposal, and a brief narrative of similar services provided.

B. Company Contact Information

Include contact data for the primary contact on this RFP. Include name, title, and contact information for the staff you plan to assign to this engagement. Also include a brief bio for each staff member assigned to this engagement including their experience, education and work history with your firm.

C. Work Plan

Describe how your firm will provide the services requested as stated in Section II: Scope of Services above. The work plan must include:

- A description of your firm's experience in providing actuarial and consulting services for public employee retirement systems and a list of the public employee retirement systems for which the firm has performed services like those identified by LAGERS.
- A description of your understanding of the requested consulting services including your proposed approach in providing the services requested.
- A description of any potential problems anticipated in completing the project scope and the vendor's approach to resolving these problems.
- Any special assistance that will be requested from LAGERS staff or consulting actuary.

D. Cost

Include a detailed fee schedule outlining the total proposed cost to perform the actuarial audit services described in this RFP. Fees should be presented as a fixed, not-to-exceed amount and include all professional fees, administrative expenses, travel costs, and other expenses necessary to complete the engagement.

E. Sample Contract

Include a copy of your firm's standard contract or engagement agreement that would be used for the services described in this RFP, including all applicable terms and conditions, exhibits, and attachments.

The sample agreement should identify any contractual provisions or limitations that the proposer would require as a condition of performing the engagement.

Submission of a sample agreement does not constitute acceptance of its terms by LAGERS. LAGERS reserves the right to review, negotiate, and modify contractual terms and conditions prior to reaching an agreement with the selected firm. The final agreement shall be subject to review and approval by LAGERS and our legal counsel.

VIII. Terms and Conditions

A. Proposal Requirements

Completeness of Proposal

Proposals must be complete and responsive to all requirements of this RFP. By submitting a proposal, the firm acknowledges its understanding of the requirements outlined in this RFP and agrees that its proposal may be incorporated into the final contract.

LAGERS reserves the right to request additional information or clarification from any firm during the evaluation process. Information submitted after the proposal deadline will not be considered unless specifically requested by LAGERS.

Modification or Withdrawal of Proposal

A firm may modify or withdraw its proposal at any time prior to the submission deadline by providing written notice to LAGERS. Modified proposals must be received by the established deadline.

Following the submission deadline, proposals may not be modified or withdrawn without the written consent of LAGERS.

Proposal Validity and Fee Guarantees

All proposals, including proposed fees and contractual terms, shall remain valid for a minimum of 120 calendar days following the proposal submission deadline.

The fees established in the final contract shall remain fixed for the duration of the engagement unless otherwise agreed upon in writing by LAGERS.

Questions and Clarifications

All questions or requests for clarification regarding this RFP must be submitted in writing to the designated LAGERS contact by the deadline specified in the RFP.

LAGERS reserves the right to respond to questions through written addenda distributed to all prospective firms. Only written addenda formally issued by LAGERS shall constitute modifications or clarifications to the RFP. Oral communications shall not be binding upon LAGERS.

Right to Reject Proposals

LAGERS reserves the right to reject any or all proposals, waive minor irregularities or informalities, request additional information, negotiate with one or more firms, or cancel or reissue this RFP when determined to be in the best interest of the system, subject to applicable law and procurement requirements.

LAGERS is not obligated to select the firm submitting the lowest fee proposal and may select the proposal determined to provide the best overall value to the System.

Accuracy of Information

Firms are responsible for ensuring that all information submitted in their proposals is accurate and complete. LAGERS reserves the right to reject any proposal containing materially false, misleading, or incomplete information.

Public Records

Firms acknowledge that LAGERS is subject to applicable Missouri public records laws, including Chapter 610 of the Revised Statutes of Missouri, commonly referred to as the Missouri Sunshine Law.

Proposals and related documents may be subject to public disclosure in accordance with applicable law. Firms should clearly identify any information they consider confidential or proprietary and provide the legal basis for requesting confidential treatment. Such designation does not guarantee that the information will be withheld from disclosure.

LAGERS will determine the disclosure of records in accordance with applicable law.

Costs of Proposal Preparation

All costs associated with preparing and submitting a proposal, participating in interviews, providing additional information, or negotiating a contract shall be the sole responsibility of the firm. LAGERS shall not be responsible for any such costs.

B. Contract Terms and Conditions

Contract Execution

The selected firm shall negotiate a final agreement with LAGERS in good faith. The agreement shall define the scope of services, deliverables, fees, performance expectations, and applicable terms and conditions.

No contract shall become effective or binding upon LAGERS until executed by authorized representatives of both parties.

LAGERS reserves the right to discontinue negotiations with a selected firm and initiate negotiations with another firm if mutually acceptable terms cannot be reached.

Term of Contract

The contract shall commence upon execution by both parties and remain in effect until completion and acceptance of all services and deliverables outlined in the scope of services, unless terminated earlier in accordance with the contract.

Any extension or modification of the contract shall require the written agreement of both parties.

Changes in Scope of Services

Any material changes to the agreed-upon scope of services, deliverables, schedule, or fees must be approved in writing by LAGERS prior to the performance of additional services.

LAGERS shall not be responsible for additional fees or expenses incurred without prior written authorization.

Termination of Contract

LAGERS reserves the right to terminate the contract for cause, including material failure to perform contractual obligations, or for convenience upon written notice to the firm.

In the event of termination, the firm shall be compensated for authorized services satisfactorily performed through the effective date of termination, subject to the terms of the final agreement. The firm shall promptly provide LAGERS with all completed work products and work in progress for which payment has been made, subject to applicable contractual provisions.

C. Specific Conditions

Firm Responsibilities and Professional Standards

The firm shall perform all services with professional care, skill, diligence, and judgment ordinarily exercised by qualified actuarial professionals performing similar services.

Services shall be performed in accordance with applicable laws, regulations, professional standards, and Actuarial Standards of Practice promulgated by the Actuarial Standards Board.

The firm shall assign qualified professionals with appropriate experience in public defined benefit retirement systems and maintain adequate staffing and resources to complete the engagement within the agreed-upon timeframe.

Independence and Conflicts of Interest

The firm shall maintain independence and objectivity throughout the engagement and disclose any actual, potential, or perceived conflicts of interest that could impair its ability to perform an independent actuarial audit.

Such disclosures shall include any material business, financial, or professional relationships with LAGERS, its Board of Trustees, employees, or current consulting actuary.

The firm shall promptly notify LAGERS in writing of any conflicts of interest arising during the engagement. LAGERS reserves the right to determine whether any disclosed conflict disqualifies the firm from consideration or continued performance of services.

Confidentiality

The firm acknowledges that, in performing the services described in this RFP, it may have access to confidential, proprietary, or personally identifiable information relating to LAGERS, participating employers, members, retirees, and beneficiaries.

The firm shall maintain the confidentiality of such information and use it solely for purposes of performing the contracted services, except as otherwise authorized by LAGERS or required by applicable law.

The firm shall ensure that its employees, agents, and approved subcontractors are subject to appropriate confidentiality obligations.

These obligations shall survive termination or expiration of the contract.

Information Security and Data Protection

The firm shall maintain appropriate administrative, technical, and physical safeguards to protect confidential information and data provided by LAGERS against unauthorized access, use, disclosure, alteration, or destruction.

The firm shall use secure methods for the transmission and storage of confidential information and promptly notify LAGERS of any actual or reasonably suspected security incident involving LAGERS information.

Upon completion or termination of the engagement, the firm shall return or securely dispose of confidential information as directed by LAGERS, subject to applicable legal and professional record retention requirements.

Ownership and Use of Work Products

All final reports, findings, recommendations, and other deliverables specifically prepared for LAGERS under the contract shall be provided to LAGERS in the agreed-upon formats.

LAGERS shall have the right to use, reproduce, and distribute final deliverables for its governance, administrative, financial reporting, and oversight purposes, including distribution to its Board of Trustees, management, external auditors, participating employers, and other parties as permitted or required by law.

The firm may retain ownership of its pre-existing methodologies, models, software, and proprietary tools, provided that such ownership does not unreasonably restrict LAGERS' use of the final deliverables.

Indemnification and Limitation of Liability

The firm shall be responsible for losses, damages, claims, and expenses arising from its negligence, willful misconduct, or material breach of its contractual obligations, subject to the terms of the final agreement and applicable law.

Any proposed limitation of liability, indemnification provision, or restriction on available remedies must be clearly identified in the firm's proposal and shall be subject to review and approval by LAGERS.

Nothing in the contract shall be construed as a waiver of any sovereign immunity or other legal protection available to LAGERS under applicable law.

Nondiscrimination

The firm shall comply with all applicable federal and Missouri laws prohibiting discrimination in employment and the performance of contracted services.

Assignment and Subcontracting

The firm shall not assign or transfer its rights or obligations under the contract, or subcontract any material portion of the services, without the prior written consent of LAGERS.

The firm shall remain responsible for the performance, conduct, and compliance of any approved subcontractors.

Cooperation and Access to Information

The firm shall cooperate with LAGERS management, staff, and other designated representatives throughout the engagement.

The firm shall communicate identified issues, material discrepancies, or potential delays in a timely manner and provide periodic status updates as reasonably requested by LAGERS.

The firm shall maintain sufficient documentation to support its findings and conclusions and make relevant supporting information available to LAGERS as agreed upon in the contract, subject to applicable confidentiality and professional requirements.

Governing Law

The contract shall be governed by and construed in accordance with the laws of the state of Missouri, without regard to conflict-of-law principles.

Any disputes arising under the contract shall be addressed in accordance with the dispute resolution and venue provisions established in the final agreement.