

Addendum #1

This solicitation addendum is issued to:

A- Provide the following questions and answers:

Q1. All Categories Services

Page 22, Section 3, Table 1

This table has the following two definitions:

“Senior consultant: Staff highly skilled and with a large experience providing strategic advice to employer and Board with respect to actuarial and benefits solutions. We expect the Senior Consultant to be a Fellow of the Canadian Institute of Actuaries or with equivalent experience, with at least 20 years of experience in the relevant benefit field.”

“Consultant: Staff providing employer and Board with respect to actuarial and benefits solutions. We expect the Consultant to be a Fellow of the Canadian Institute of Actuaries or with equivalent experience, with at least 10 years of experience in the relevant benefit field.”

In both of the above descriptions, please clarify the expected requirements in determining “equivalent experience”.

A.1 We are expecting that the Senior Consultant be a Fellow. If the Senior Consultant is not a Fellow of the Canadian Institute of Actuaries, we would expect that they would have at least 20 years of experience in the actuarial line of business.

If the Consultant is not a Fellow of the Canadian Institute of Actuaries, we would expect that they would have at least 10 years of experience in the actuarial line of business.

Q2. Category 1: Benefits Consulting and Actuarial Services

a) Page 23, Section 3, Table 2

Please expand on the scope and expected deliverables/activities for the annual renewal.

b) Page 47, R.3.1.4

Given the proprietary nature of the information requested in this section, combined with the fact that these documents are customized to the needs of our clients, would a table of contents be acceptable?

c) Page 51, R.4

This section is limited to 5 pages. Please confirm if the page limit includes the bios of the proposed team.

d) Page 51, R.4.3

This requests the following: “Please briefly describe the role and level of involvement of the key resources in the examples described under R.3.3 above”. We note that R.3.3 specifically refers to Category 3 Pension Actuarial Services. Please confirm that our response should focus on this category only and not all four categories.

A2. Category 1: Benefits Consulting and Actuarial Services

a) Page 23, Section 3, Table 2

The scope of the annual renewal and expected deliverables and activities include:

- Conducting a meeting with CMHC to present and discuss their analysis with respect to:
 - Overview of CMHC's premiums and claims experience for all benefits
 - Considerations when assessing the results
 - Review of CMHC's flex credits and costs
 - The insurance provider's initial renewal for all benefits and expense charges
 - The proposed adjusted renewal for all benefits and expenses charges following negotiations with the insurance provider
 - Specific review of:
 - Psychology claims experience, including analysis on the impact on the employee health rate
 - Retiree RAMQ opt-out groups claims experience, including analysis on the impact on the retiree health rate and adjusted renewal rates for retiree health rates
 - Cost impact for potential plan design changes, if required
- Communication with the insurance provider/CMHC throughout the renewal review to clarify details, if required, and to negotiate renewal terms and costs with the insurance provider
- Providing CMHC (in excel format) an overview of the impact of all benefit costs comparing:
 - Current rates
 - Proposed renewal rates
 - Final negotiated renewal rates
- Review of the financial agreement amendment to ensure negotiated renewal terms and charges are captured, if required.

b) Page 47, R.3.1.4

Providing only the table of contents would not be sufficient to score this element. If you will not be providing the full document, then a page extracted from each section of the document would be acceptable.

c) Page 51, R.4

The 5-page limit should include the bios of the proposed team.

d) Page 51, R.4.3

That is correct, your response should focus on Category 3 Pension Actuarial Services and not all four categories.

Q3. Category 2: Pension Consulting and Services and Category 3: Pension Actuarial and Consulting Services

Please confirm whether CMHC intends to continue the current practice of using membership data as at the end of September to perform the funding and accounting valuations at December 31st, after some adjustments based on Q4 experience.

A3. Yes, CMHC will continue with the current practice of using membership data as at the end of September to perform the funding and accounting valuations at December 31st, after some adjustments based on Q4 experience.

Q4. Category 4: Compensation Consulting Services

- a) If you have a specific comparator group in mind for the benchmarking of positions (specifically executive positions), would other comparators in our databases be acceptable?
- b) If not, can we conduct a custom survey to capture information from organizations that are not in our databases?
- c) Please provide the number of roles/unique jobs you have, and split by unionized versus non-unionized employees if possible.
- d) On page 28, you have asked for “Annual costs associated with the administration of surveys on CMHC’s behalf on an ad-hoc basis.” Are you looking for support with custom compensation surveys? If yes, in terms of providing a fixed annual fee, should we provide a specific example since survey cost can vary based on the complexity of information required, the number of organizations that participate, and the number of jobs we are benchmarking.
- e) Similarly, for any of the ad-hoc services for which a specific scope is not specified (pay equity support, reports) the fees can vary based on the level of support required. Should we provide an illustrative approach and the fees associated with it? Otherwise, please specify the approach you would like us to take for this work.

A4. Category 4: Compensation Consulting Services

- a) We benchmark 100% public financial institutions for our Executive group and for our non-executive group, we use 50% Broad public sector/50% private financial institutions. Other comparators may be useful and custom surveys can also be used.
- b) Yes
- c) We have 493 unique roles. 23 of which are used for unionized employees.
- d) Yes, these would be custom surveys and examples would be helpful.
- e) An illustrative approach would be best, using examples as to how your organization typically supports clients.

Q5. Can you share your reason for issuing a Request for Proposal?

A5. Refer to the RFP, Part 1, Section 1.1 Objective of this RFP. For further details, refer to Appendix C, RFP Specifications.

Q6. How long have you been with your current consultant?

A6. CMHC does not disclose this information.

Q7. Mandatory requirement MTR.2 states that the proponent must have been active for a minimum of 10 years in the industry for each category. If a proponent subcontracts to a supplier who meets the mandatory requirement will the proponent also be considered to have met the requirement?

A7. CMHC will not accept proponent subcontracting any of the four (4) Categories services listed in the RFP.

Q8. Where questions have been repeated under multiple sections in the RFP and the response remains the same, please confirm that reference to the previous response is acceptable.

A8. Reference to the previous response is acceptable, however, please ensure to add specific details for each of the categories when requested.

Q9. Would it be possible to receive copies of the most recent valuation reports for the RPP and the post-retirement and post-employment plans, and letter of credit reports for the SPP and ESPP?

A9. No, we will not share these documents for the purpose of this RFP.

Q10. On page 26, you are requesting a fixed fee for “Results, reports, and disclosures as required by Section 4600 of the CPA Canada Handbook for the basic pension plan financial statements.” Can you please elaborate on the work required, e.g. will the successful proponent be required to draft or assist in drafting the pension plan’s financial statements or just provide an actuarial report with the obligation reconciliation?

A10. The proponent will be required to provide an actuarial report and obligation reconciliation (Statement of changes in pension obligations).

Q11. On page 27, can you please elaborate on what is required in the “Annual update and calibration of CMHC internal customized projection tool providing results for the basic plan”?

A11. Per the example in Appendix M, the projection tool is to provide a five-year projection of actuarial valuation results and one-year quarterly projection based on certain assumptions. This tool needs to be updated and re-calibrated at the beginning of each year in light of the evolution of the CMHC Pension Plan.

Q12. Are the valuation presentations, including the projections, required in Tables 3 and 4 (on pages 24 and 25, respectively) more or less the same? If not, can you please elaborate on the differences?

A12. The valuation presentations are more or less the same. The information presented to the Pension Council members is a summary of the results and provides details on decisions that were made regarding the contribution rates and indexation. The information presented to the Trustees is more high-level and strategic.

Q13. Not all the services listed under Categories 2&3 on page 31-35 are listed in the fixed fee Tables 3 and 4. If they are not included in those tables, can we assume the services will be billed on a time spent basis?

A13. If the services are not listed in the fixed fee tables, then we would expect that an estimate of the time spent, and cost would be provided.

Q14. Is the non-executive compensation benchmarking to be completed on an ad-hoc basis for specific, individual roles and/or families, or is this review to be completed for the full employee base?

A14. It could be either/or. We could need support in a number of areas so are mainly looking for versatility and flexibility.

Q15. How many unique non-executive positions does CMHC have (union and non-union)?

A15. Approximately 470 non-executive roles.

Q16. If compensation surveys, databases and systems are not available internally, is the use of third-party databases/surveys permitted? Provided that we will work with CMHC to source and request the most appropriate data source, and ensure that the third-party provider will provide CMHC with training for their platform.

A16. No, we do not need anyone to act as a go between for surveys or databases or systems.

Q17. Are the questions under R. 3.1.9 and R.3.1.11-21 only applicable under the group benefits section or are they meant to be applicable for all 4 categories?

A17. The questions under R. 3.1.9 and R.3.1.11-21 are only applicable under the group benefits section.

Q18. We noticed that a few questions are duplicated throughout the RFP. As an example, questions R1.9 to R1.13 are identical to R2.1 to R2.5. If our answer is exactly the same, do you expect us to duplicate the answer or would you prefer that we refer to the answer elsewhere in our submission, to avoid redundancy since the number of pages is limited? If you have no preference, please indicate if avoiding redundancy and referring to an answer elsewhere in our submission would have a positive, negative or no impact on the rating of our proposition.

A18. The questions R.1.9 to R.1.13 have been removed. Please refer to the amendment to the RFP below the Addendum (B. Amendment to RFP).

Q19. Section 4: We wonder how to reconcile the 5-page limit for this section vs your expectation of a one page per resource bio on Question R.4.2? Please confirm that the one-page bio required on Question R.4.2 can be placed in the appendix of our submission and will not count in the total number of pages for this section.

A19. Yes, the one-page bio required on Question R.4.2 can be placed in the appendix of the submission and will not count in the total number of pages for this section.

Q20. Question R.4.3: Could you please clarify the question? The question refers to examples described under R.3.3. We were wondering if it would be in CMHC's interest that we describe the role and level of involvement of the key resources proposed under R.4.1, not only on the resources involved under R.3.3?

A20. We agree, please describe the role and level of involvement of the key resources proposed under R.4.1.

Q21. Translation: do all documents need to be produced in both official languages or this requirement applies only to some specific documents? As it affects pricing, could you please clarify your expectations?

A21. All communication to employees and retirees, all presentation material for Pension Council, Trustees and the Board are required to be translated. We would not expect that e-mails, actuarial valuation reports, post-employment benefit reports, etc. be translated.

Q22. What are your top three strategic priorities and/or challenges concerning compensation, pension, and benefits?

A22. We can't disclose this information. For further details on each category, refer to Appendix C, RFP Specifications.

Q23. Pension Questions:

Table 3 – Fixed Fees - Category 2: Pension Consulting and Services

Recommendation with respect to the contributions to be made to the pension plan for each of Option A and Option B, to maintain a cost-sharing of 50/50 between the Employer and Employee.

Could you provide the most recent recommendation? We want to better understand your reporting expectations with respect to this item.

A23. We are not able to provide this information. Moreover, we are interested in learning how you would approach this particularity of our pension plan.

Q24. Benefits Questions:

1. Could you confirm the insurer(s) underwriting CMHC's plan? If different for some benefits, could you provide the breakdown per benefit?
2. Could you confirm what are the financial arrangements for each benefit covered under CMHC's plan? By financial arrangements, we refer to fully pooled, non-refund, refund or administrative service only (ASO).
 - Could you also confirm if some (or all) of the benefits are combined for financial results reporting (e.g., the financial position for health care and dental care are combined)?
3. Regarding the short-term disability coverage (in other words, the coverage during the waiting period of the long-term disability coverage)
 - Could you provide the details of the coverage (sick days policy, salary continuation or self-insured STD plan)?
 - Is this coverage in the scope of the cost projections for renewals and reporting?
 - Is the disability management outsourced to a third party? If yes, could you confirm which provider?
4. Is the administration of the plan outsourced to a third party? If yes, could you confirm which provider?
5. Could you provide the most recent report for accounting disclosures related to the post-employment and post-retirement benefits? In particular, we would need the details of the various post-employment benefits subject to the valuation.
6. For Health/Wellness Report, could you provide the most recent report or list the topics addressed in the report? The needs of our various clients vary significantly and we want to confirm the expected scope of the report.
7. Could you provide the most recent renewal report? We want to confirm the expected scope of the report and make sure the differentiation is clear with the Health/Wellness Report
8. For the monthly meetings, could you share the agenda of the most recent meetings and the expected deliverable for those meetings?
9. Question R.2.6.3 a. and R.2.6.3 b.: Are you referring to the post-retirement and post-employment actuarial valuation, the surplus/deficits under the refund arrangement or both?

A24. Benefits Answers:

1.

- Administrator 1:
 - Basic/Supplemental/Optional Life/AD&D/Critical Illness
 - LTD
 - STD (ASO)
 - Health
 - Dental
 - HCSA
- Administrator 2:
 - Business Travel/AD&D

2. Active Healthcare and Pay Direct Drug benefits up to and including a combined amount of \$100,000 per Participant per Policy Year, Retiree Healthcare, Retiree Pay Direct Drugs, Dentalcare, Visioncare, Life and Taxable Long Term Disability benefits will be underwritten on an insured cross-experience-rated refund basis.

All other benefits will be underwritten on a non-refund basis under which no surpluses or deficits are declared.

Health SolutionsPlus (HSP) and Health Care Spending Account (HCSA) are administered on an uninsured basis.

Business Travel/AD&D are administrated on an insured non-refund basis.

3. This benefit is not to be included in the cost projections for renewals and reporting.

The STD program is a salary continuance program (based on years of service) provided through CMHC, which includes an Absence Management Services (AMS) administered by the current Administrator.

4. The following services are outsourced to the current provider:

- administration of employee and retiree group insurance benefits
- administration of Absence Management Services (AMS)

5. CMHC will not disclose additional information already provided in the posted RFP.

6. Given the proprietary nature of the information in the current provider's Health/Wellness Report a copy of the latest report will not be provided. However, below is a list of the topics of what is included.

The Health/Wellness Report should include a visual breakdown of:

- Past renewals and overall premium per benefit

- Demographic Statistics
- CMHC's financial standing, such as, healthcare pooling arrangement, surplus/deficit
- Health/dental claims experience per coverage element, highlighting high claim areas
- STD/LTD statistics
- Wellness/EAP statistics; and,
- With a separate focused view on overall mental health statistics from all programs.

The report should include sections where there are emerging trends and recommended actions.

7. Given the proprietary nature of the information in the current provider's Renewal Report a copy of the latest report will not be provided.

While some details overlap under both the Renewal Report and Health/Wellness Report, the Renewal Report focuses on the renewal adjustments and group insurance changes for the coming benefit year while the Health/Wellness Report focuses on visual reports on CMHC's broader health and wellness programs, such as the EAP, STD program and emerging trends and recommended actions when viewing these broader programs together.

8. The insurance provider conducts the monthly meetings. The benefits consultant is expected to provide updates on the topics they are involved with and participate in the discussion, as applicable. Below is an example of an agenda items that are discussed during a monthly meeting:

- Contracts
- GroupLines
- Financial Reports
- Block Amendments
- Annual HSA Report
- Renewal 2022
- Retrospective Premium Agreement

9. Please provide a response for both the post-retirement and post-employment actuarial valuation the surplus/deficits under the refund arrangement.

Q25. Compensation Questions: Table 5 – Fixed Fees - Category 4: Compensation Consulting Services

Executive compensation consulting services

1. Benchmarking up to 25 executive roles
 - Regarding the following statement Executive compensation is benchmarked differently, can you provide further information on how the executive compensation is benchmarked?
 - Do you have specific organizations that need to be included in the peer group that may require a custom survey?
 - Do you need a new formal compensation philosophy, salary ranges, incentives design (short and long term), and offered perquisites with guiding principles or adjustments to the existing compensation philosophy?
 - When were the last formal reviews performed for each of the executive plans?

General compensation consulting services

2. Benchmarking of individual roles or families
 - How many positions, on average, are reviewed annually?

- Do you have specific organizations that need to be included in the peer group that may require a custom survey?
3. . Do you need a new formal compensation philosophy, salary ranges, incentives design (short and long term), and offered perquisites with guiding principles or adjustments to the existing compensation philosophy?
 - When were the last formal reviews performed for each of the plans?

Annual costs associated with the administration of surveys on CMHC's behalf on an ad-hoc basis.

4. How many surveys will you expect us to administer on a regular and annual basis and how many positions are covered for each of the major surveys?

Annual cost for consultation on topics relating to Pay Equity and/or Pay Equity in the context of Employment Equity on an ad-hoc basis

5. Have you started work on the federal pay equity requirements? If yes, what steps have already been completed?

A25.

1. Benchmarking up to 25 executive roles

- We use P50, total direct compensation 100% public financial but may look at changing this peer group.
- No.
- Possibly but not certain.
 - 2017

2. Benchmarking of individual roles or families

- 10-20 roles.
- No.

3. Possibly but not certain.

- 2016/2017

4. This would be on an ad-hoc basis and not a regular or annual basis

5. Yes, we have a project plan and are ready to make application for multiple Pay Equity plans

B. Amendment(s) to RFP.

1. There is a correction in **Section K. RATED CRITERIA** under **R.1 EXPERIENCE AND QUALIFICATIONS OF THE ORGANIZATION**, the questions R.1.9 to R.1.13 (page 42 of the RFP) are deleted in their entirety.
2. There is a correction in **Section K. RATED CRITERIA** under **R.4 Experience and qualifications of the proposed resources**, the questions R.4.3 (page 51 of the RFP) is deleted in its entirety and replaced by the following:

R.4.3 Please briefly describe the role and level of involvement of the key resources in the examples described under R.4.1 above.