

MILLIMAN & ROBERTSON, INC.
CONSULTING ACTUARIES

THREE CORPORATE PLACE
BLOOMFIELD, CONNECTICUT 06002
203/243-1138

STAMP: JUN 29 11 54 AM '84

June 19, 1984

JoAnn S. Mogensen
Director, Retirement Division
State of Connecticut
30 Trinity Street
Hartford, CT 06115

RE: Adjustments to 12-31-83 Valuation

Dear JoAnn:

Attached are two letters. The first estimates the impact of the 4,281 records which were missing date of hire and for which we used the re-employment date. The second estimates the impact of outstanding purchase requests which were not available to be factored into the 12-31-83 valuation.

In the process of developing these estimates, we determined that the method used in the valuation (use of the earliest purchase of service date instead of the employment date, if it predated the employment date) considerably overstated the impact of the purchase. As a result, the accrued liability was overstated by approximately \$372,000,000, and the 1984-85 annual cost overstated, as a result of this, by \$21,400,000.

Combining these adjustments, and reflecting the Federal portion of the employer contribution, we have developed the attached "Revised Projection of Total Costs". This indicates a revised (adjusted) 1984-85 cost of \$217,078,000, compared to \$234,827,314 reported in the valuation.

Please call if you have any questions.

Best personal regards.

Sincerely,

Jim
James A. Gobes

JAG/kms

Enc.

- W. AFFLECK, F.S.A.
- JOHN W. AXENC, F.S.A.
- W. H. BABER, F.S.A.
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- BRUCE L. WORKMAN, F.C.A.

WENDELL MILLIMAN, F.S.A. (1976)
JAMES H. RIGGS, F.S.A. (1978)

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THREE CORPORATE PLACE
BLOOMFIELD, CONNECTICUT 06002

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STATE NOTARY PUBLIC
RECEIVED
JUN 21 0 57 PM '84

June 19, 1984

JoAnn A. Mogensen
Director, Retirement Division
State of Connecticut
30 Trinity Street
Hartford, CT 06115

RE: Missing Hire Dates

Dear JoAnn:


We have analyzed the hire date information provided to us on the 98 sample employees out of the total of 4,281 records which were missing dates of hire.

These 98 records were distributed as follows:

- 18 employees where the date used overstated the actual credited service. The average overstatement was 18 months.
- 57 employees where the date used was in fact the original hire date and the correct date to use.
- 23 employees where the date used understated the actual credited service. The average understatement was 86 months.

Based on this sample, we estimate that the use of re-employment date on these 4,281 records created an understatement of the accrued liability as of December 31, 1983 of \$33,000,000, and an understatement of 1984-85 costs of \$2,300,000.

Sincerely,


James A. Gobes

JAG/kms

AND AFFLECK, F.S.A.
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June 19, 1984

JoAnn S. Mogensen
Director, Retirement Division
State of Connecticut
30 Trinity Street
Hartford, CT 06115

RE: Purchased Service

Dear JoAnn:

Based on an analysis of existing Purchased Service records, we determined the following averages per person:

Periods of Purchased Service	1.5 periods
Years of Purchased Service	2.9 years
Net* Cost Impact	
Accrued Liability	\$14,700
Annual Cost	\$700


* After reflecting employee contributions.

You advised us that there were 3,130 outstanding purchase requests as of December 31, 1983. This would indicate that the 12-31-83 liability was understated by \$30,700,000 and the 1984-85 cost understated by \$1,500,000.

However, the outstanding purchase requests largely reflect the purchase deadline imposed on Tier I participants. Therefore we estimate that there will be an additional 800 to 1,200 purchase requests when the remaining Tier 0 participants come under Tier I. This will further increase the Accrued Liability by another \$10,000,000, and annual costs by approximately \$500,000.

Best personal regards.

Sincerely,


James A. Gobes

JAG/kms

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WENDELL MILLIMAN, F.S.A. (10276)
JAMES H. ROGGS, F.S.A. (10278)