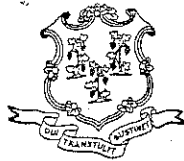


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State of Connecticut

STATE EMPLOYEES
RETIREMENT COMMISSION
OFFICE OF THE STATE COMPTROLLER

30 TRINITY STREET
HARTFORD, CONNECTICUT 06106
203-566-2126

November 22, 1988

MEDICAL EXAMINING BOARD
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NOV 23 1988

OFFICE OF
POLICY & MANAGEMENT

Honorable John B. Larson
President Pro Tempore, State Senate
State Capitol
Hartford, CT 06106

Dear Senator Larson:

The Connecticut State Employees Retirement Commission in accordance with Section 5-165a(a) of the Connecticut General Statutes is required to certify annually to the General Assembly the amount necessary, on the basis of an actuarial determination, to gradually establish and subsequently maintain the State Employees Retirement Fund on an actuarial basis.

James A. Gobes, Consulting Actuary with Milliman & Robertson, Inc., has determined that the 1989-90 funding requirement is \$396,368,471.00.

Accordingly, the Commission, at its Thursday, November 17, 1988 meeting considered the report and voted:

"to accept the certification amount from Milliman & Robertson, Inc., which indicated a full funding cost of \$396,368,471.00. It is understood that the State will be reimbursed for a portion of this funding cost by the federal government and State funds other than the General Fund."

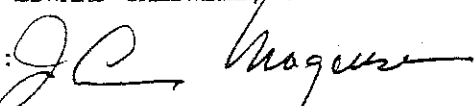
The Accounting Systems Division of the State Comptroller's Office has notified the Commission that the estimated reimbursement amount for the 1989-90 fiscal year is \$53,000,000.00.

Enclosed is a summary of the actuarial certification and the estimated fringe benefit cost reimbursement.

Very truly yours,

STATE EMPLOYEES RETIREMENT COMMISSION
J. EDWARD CALDWELL, SECRETARY EX OFFICIO

BY:


JoAnn S. Mogensen, Director
Retirement Division

JSM/t

Enclosure

CC: Honorable J. Polinsky
Honorable J. Harper

INTERDEPARTMENTAL
MESSAGE

STO-201 REV. 7/86
(Stock No. 6938-051-01)

STATE OF CONNECTICUT

Obtain "STATE EMPLOYEE SUGGESTION" forms from, and send your ideas to: Employee's Suggestion Awards Program, 165 Capitol Avenue Hartford, Ct, 06106.

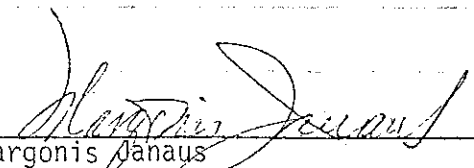
To	NAME, TITLE Joanne Mogensen, Director/Retirement Division	DATE 11/3/88
	AGENCY, ADDRESS Office of the State Comptroller 30 Trinity Street Hartford, Connecticut 06106	
From	NAME, TITLE Margonis Janaus, Director/Accounting Systems Division	TELEPHONE x-5981
	AGENCY, ADDRESS Office of the State Comptroller 165 Capitol Avenue Rm. 235 Hartford, Ct. 06106	

Subject: Estimated 1989-90 Fringe Benefit Cost Reimbursements - Retirement

Based upon the current level of fringe benefit cost reimbursements and trends over the last few years, the 1989-90 reimbursement for retirement purposes has been estimated at \$53,000,000.

This estimate is based upon continuation of the current levels of funding and reimbursement system and does not take into consideration:

1. Reimbursement of retirement contributions from the Special Transportation Fund. A special appropriation for the purpose is expected to be utilized during the 1989-90 fiscal year.
2. "The Federal government is considering disallowing the inclusion of the interest expense of the past service liability costs included in the Retirement appropriation. As of this date the extent of this disallowance is unknown, however, the Federal government has indicated that the maximum reduction would be around seven (7) percent and most likely less than that amount."
3. "The Comptroller's Office is studying the possibility of applying different fringe benefit cost recovery rates based upon an employee's retirement plan code. While this would provide a truer fringe benefit charge to a fund or program it would tend to reduce Retirement cost reimbursements. This change would, however, reduce the impact of the Federal government's disallowance of the past service liability costs."


Margonis Janaus

* MJ:RK:jrv

cc: R. Kinnin
B. McLoughlin
M. Schillinger
N. Stearns

NOV 7 11 22 AM '88
DIVISION
RETIREMENT

MILLIMAN & ROBERTSON, INC.
CONSULTING ACTUARIES

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

WENDELL MILLIMAN, F.S.A. (1976)
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ALTHEA A. SCHWARTZ, F.S.A.

October 25, 1988

CONNECTICUT STATE EMPLOYEES RETIREMENT SYSTEM

Actuarial Valuation

This is to certify that we have prepared an actuarial valuation of the Connecticut State Employees Retirement System as of June 30, 1988.

The valuation was made with respect to the following Members:

- a. 20,265 pensioners (including 845 beneficiaries of deceased Members).
- b. 55,568 active Members with total annual payroll as of July 1, 1988 of \$1,582,974,210.
- c. 638 inactive employees with vested rights.

Based on the above data and the attached actuarial method and assumptions, we determined the following assets and liabilities as of the valuation date:

1. Accrued liability:	
a. Active Members	\$3,350,840,990
b. Retired Members and Beneficiaries	1,867,349,142
c. Vested former Members	10,265,675
d. Total	\$5,228,455,807
2. Assets in fund (at adjusted cost value)	\$2,189,510,979
3. Unfunded liability (Item 1d less Item 2)	\$3,038,944,828
4. Present Value of Vested Benefits	\$3,278,778,345

Based on the valuation as of June 30, 1988, projected costs were developed for the fiscal year beginning July 1, 1989, as follows:

1. Employer Normal Cost

Tier I	\$ 93,139,910
Tier II	44,391,631
Total	<u>\$137,531,541</u>

2. Payment on Unfunded Liability* \$258,836,930

3. Total Employer Cost \$396,368,471

* Based on amortization of the Unfunded Accrued Liability to be completed by June 30, 2026.

MILLIMAN & ROBERTSON, INC.

James A. Gobes

James A. Gobes, F.S.A.
Consulting Actuary