

**BUCK
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500 Plaza Drive
Secaucus, New Jersey 07096-1533

Attn Bob Baus
January 22, 1993

**Mr. Frank Miano
State of Connecticut
Office of Policy & Management
80 Washington Street
Hartford, Connecticut 06106**

Dear Frank:

As requested, we have prepared rough estimates of the potential savings to the State on account of certain changes to the funding and benefits of SERS. The changes reflect the proposed elimination of the COLA for actives and are shown both assuming amortization is based on a level dollar amount and, alternatively, a level percent of pay.

These calculations reflect the results of the June 30, 1992 valuation of SERS. Payroll and normal costs were estimated to grow at an annual rate of 6%. In addition, an 8-1/2% interest assumption was used.

The calculations also reflect the following:

- The total amortization amounts for fiscal years 1993/1994, 1994/1995 and 1995/1996 are \$121.3 million, \$130.5 million and \$138.4 million, respectively.
- The outstanding balance of the basic benefit at July 1, 1996 will be amortized over 36 years.
- The outstanding balance of the window at July 1, 1994 will be amortized over 40 years (note that these amounts are assumed to be part of the fixed amounts noted above, consistent with the projections we did in early April of 1992).

If you have any questions, please call.

Very truly yours,



**Robert D. Baus
Consulting Actuary**

**RDB:KT
Enc.
DOC:L10726VT.WP5**

INTERDEPARTMENTAL MESSAGE

STATE OF CONNECTICUT

STO-201 REV. 4/90
(Stock No. 8038 051-01)

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

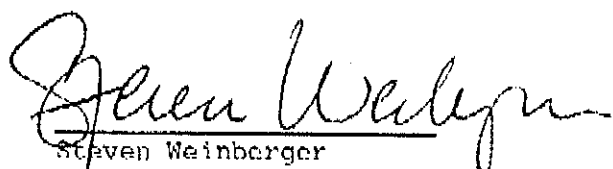
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To	NAME TITLE NORMA Christina Gellman	DATE 2/9/93
	AGENCY ADDRESS Office of Fiscal Analysis, Legislative Office Building, Room 5200, Hartford	
From	NAME TITLE Steven Weinberger, Director, Retirement Division	TELEPHONE
	AGENCY ADDRESS Office of the State Comptroller, 55 Elm Street, Hartford	

Subject: Actuarial Information

Enclosed please find the actuarial information you recently requested on behalf of the Appropriations Committee.

If you have any questions, please feel free to call me at 566-5639.



Steven Weinberger

SW/md
CC: Commission Trustees

*



MILLIMAN & ROBERTSON, INC.

Actuaries and Consultants

Three Corporate Place
Bloomfield, Connecticut 06002
Telephone: 203/243-1138
Fax: 203/286-0564

February 8, 1993

PERSONAL & CONFIDENTIAL

Mr. Steven Weinberger
Director, Retirement Division
State of Connecticut
55 Elm Street
Hartford, CT 06106

Re: Appropriations Committee Request for Actuarial Information

Dear Steve:

We are responding to the January 7, 1993 memo to you from Christina Gellman. The memo asks for the following information regarding SERS:

1. What percentage of the total SERS liability is related to the cost-of-living-adjustment of active employees? (We also looked at the total SERS liability without the cost-of-living-adjustment for retired members, beneficiaries and vested former members as well as active employees.)
2. How much of the 1993-94 actuarial certification is related to cost-of-living-adjustment expenses?

Our results are displayed on the attachment.

Please let us know if you have any questions.

Sincerely,

Althea A. Schwartz, F.S.A.
Consulting Actuary

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SERS LIABILITY AS OF JUNE 30, 1992

	With COLA 1993-94 Certification	Without COLA Active Only	Without COLA All Members
1. Actuarial Liability:			
a. Active Members	\$3,045,852,614	\$2,382,944,971	\$2,382,944,971
b. Retired Members and Beneficiaries	3,586,975,212	3,586,975,212	2,825,613,313
c. Vested Former Members	<u>35,857,508</u>	<u>35,857,508</u>	<u>23,720,654</u>
d. Total	6,668,685,334	6,005,777,691	5,232,278,938
2. Assets in Fund (at adjusted cost value)	3,425,886,181	3,425,886,181	3,425,886,181
3. Unfunded Liability: (1d)-(2)	3,242,799,153	2,579,891,510	1,806,392,757

SERS COSTS FOR FY 1993-94

	With COLA 1993-94 Certification	Without COLA Active Only	Without COLA All Members
1. Employer Normal Cost	\$188,906,351	\$138,903,013	\$138,903,013
2. Payment on Unfunded Liability*			
a. Negotiated Payment (SEBAC III)	121,300,000	121,300,000	121,300,000
b. Actuarially Determined Payment	291,448,924	230,021,888	158,347,144
3. Total Employer Contribution for Fiscal Year beginning July 1, 1993 (1)+(2a)	310,206,351	260,203,013	260,203,013

Connecticut General Assembly

RETIREMENT
DIVISION

93 JAN -7 AM 11:40

RALPH J. CARUSO
DIRECTOR

OFFICE OF FISCAL ANALYSIS

LEGISLATIVE OFFICE BUILDING
ROOM 5200
HARTFORD, CONNECTICUT 06106
(203) 240-0200

January 7, 1993

TO: Steven Wineberger
Director, Retirement Division

FROM: Christina Gellman *Cg*

SUBJECT: Request for Actuarial Information

Certain members of the Appropriations Committee are interested in obtaining the following information regarding the liabilities of the State Employees Retirement System (SERS).

1. What percentage of the total SERS liability is related to the cost-of-living-adjustment of active employees
2. How much of the 1993-94 actuarial certification is related to cost-of-living-adjustment expenses.

CG/las
cg1-7.mem

**STATE OF CONNECTICUT
ESTIMATE OF SAVINGS OF VARIOUS PROPOSED
(All Amounts in Millions)**

Fiscal Year	Present Plan						Total Outstanding Balance
	Total Outstanding Balance	Estimated Normal Cost	Amortization			Total Contribution	
			(Basic)	(Window)	(Total)		
07/01/93 - 06/30/94	3,568.5	188.9	121.3	0	121.3	310.2	3,072.8
07/01/94 - 06/30/95	3,745.8	200.2	117.3	13.2	130.5	330.7	3,208.0
07/01/95 - 06/30/96	3,928.7	212.3	125.2	13.2	138.4	350.7	3,345.2
07/01/96 - 06/30/97	4,119.0	225.0	342.7	13.2	355.9	580.9	3,485.8
07/01/97 - 06/30/98	4,099.5	238.5	342.7	13.2	355.9	594.4	3,469.3
07/01/98 - 06/30/99	4,078.4	252.8	342.7	13.2	355.9	608.7	3,451.5

Fiscal Year	Present Plan						Total Outstanding Balance
	Total Outstanding Balance	Estimated Normal Cost	Amortization			Total Contribution	
			(Basic)	(Window)	(Total)		
07/01/93 - 06/30/94	3,568.5	188.9	121.3	0	121.3	310.2	3,072.8
07/01/94 - 06/30/95	3,745.8	200.2	117.3	13.2	130.5	330.7	3,208.0
07/01/95 - 06/30/96	3,928.7	212.3	125.2	13.2	138.4	350.7	3,345.2
07/01/96 - 06/30/97	4,119.0	225.0	342.7	13.2	355.9	580.9	3,485.8
07/01/97 - 06/30/98	4,099.5	238.5	342.7	13.2	355.9	594.4	3,629.6
07/01/98 - 06/30/99	4,078.4	252.8	342.7	13.2	355.9	608.7	3,776.6

STATE OF CONNECTICUT
 OF SAVINGS OF VARIOUS PROPOSED CHANGES
 (All Amounts in Millions)

		No COLA Actives - Level Dollar Amortization						
(Total)	Total Contribution	Total Outstanding Balance	Estimated Normal Cost	Amortization			Total Contribution	Savings
				(Basic)	(Window)	(Total)		
121.3	310.2	3,072.8	160.6	121.3	0	121.3	281.9	28.3
130.5	330.7	3,208.0	170.2	117.3	13.2	130.5	300.7	30.0
138.4	350.7	3,345.2	180.4	125.2	13.2	138.4	318.8	31.9
355.9	580.9	3,485.8	191.2	288.0	13.2	301.2	492.4	88.5
355.9	594.4	3,469.3	202.7	288.0	13.2	301.2	503.9	90.5
355.9	608.7	3,451.5	214.9	288.0	13.2	301.2	516.1	92.6

		No COLA Actives - Level Percent of Pay						
(Total)	Total Contribution	Total Outstanding Balance	Estimated Normal Cost	Amortization			Total Contribution	Savings
				(Basic)	(Window)	(Total)		
121.3	310.2	3,072.8	160.6	121.3	0	121.3	281.9	28.3
130.5	330.7	3,208.0	170.2	124.4	6.1	130.5	300.7	30.0
138.4	350.7	3,345.2	180.4	131.9	6.5	138.4	318.8	31.9
355.9	580.9	3,485.8	191.2	140.0	6.9	146.9	338.1	242.8
355.9	594.4	3,629.6	202.7	148.4	7.3	155.7	358.4	236.0
355.9	608.7	3,776.6	214.9	157.2	7.8	165.0	379.9	228.8