

EARLY CHILDHOOD EDUCATION ENDOWMENT ADVISORY BOARD

**Treasurer's Actuarial Chart
September 19, 2025**

The Early Childhood Education Endowment is a **TRANSFORMATIONAL INVESTMENT** in Connecticut families.

It is funded by the estimated surplus of each fiscal year. In June, \$300 million was transferred to the Endowment to be deployed alongside the investments of the Connecticut Retirement Plans and Trust Funds.

The Early Childhood Education Endowment Advisory Board provides oversight for the Endowment.



The Office of the Treasurer **INVESTS & ADMINISTERS** funds in the Endowment.

The Treasurer is required to submit to the board at the first meeting, and semiannually thereafter, an actuarial chart that includes a review of:

- ✓ The total amount of funds within the Endowment
- ✓ The health of the investments of the Endowment
- ✓ The anticipated growth of the Endowment
- ✓ Any recommended models for the timing and rate of drawing down from the Endowment





**THE TOTAL
AMOUNT OF THE
ENDOWMENT IS
CURRENTLY
\$307.5 MILLION, A
2.5% GROWTH
FOR FY 2026.***

***For details on monthly market value, performance, and asset allocation for the Endowment as of August 31, 2025, see the Appendix for the Endowment's monthly System and Organization Controls (SOC) Report.**

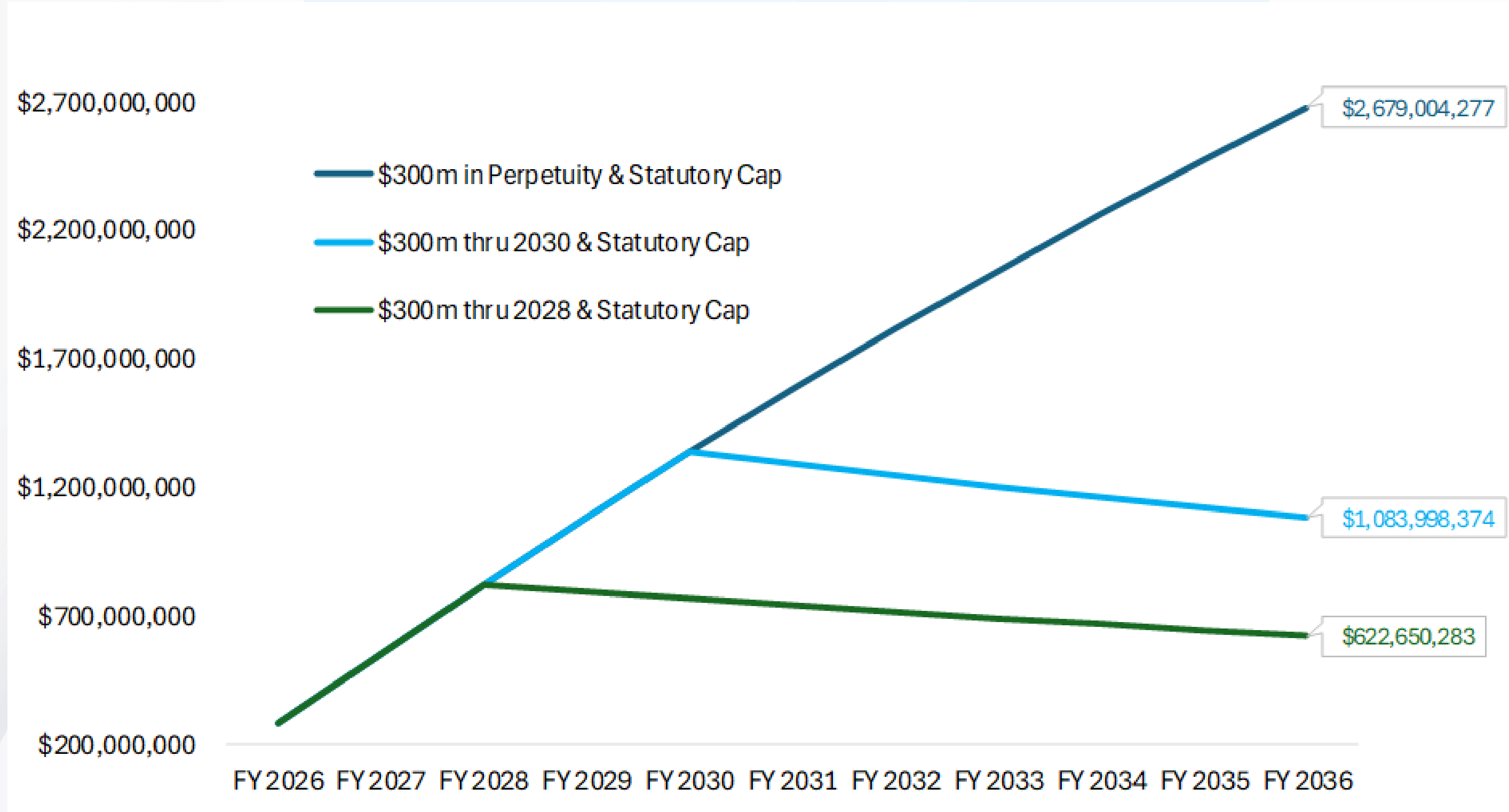
PROJECTION ASSUMPTIONS

To illustrate various projections and understand the impact of contribution and expenditure rates on the health and sustainability of the Endowment, the following assumptions were used:

- ✓ **6.9% Assumed Rate of Return**
- ✓ **\$300 million in contributions**
- ✓ **Spending rates at the statutory cap, 9%, 8%, & 7%**

PROJECTED GROWTH

Chart 1.0 Projected Endowment Balance: \$300m Contributions vs. Statutory Cap



Note: Assumes a 6.9% rate of return on invested capital.

Source: Office of the Treasurer

RECOMMENDED MODELS FOR TIMING AND RATE OF DRAWDOWN



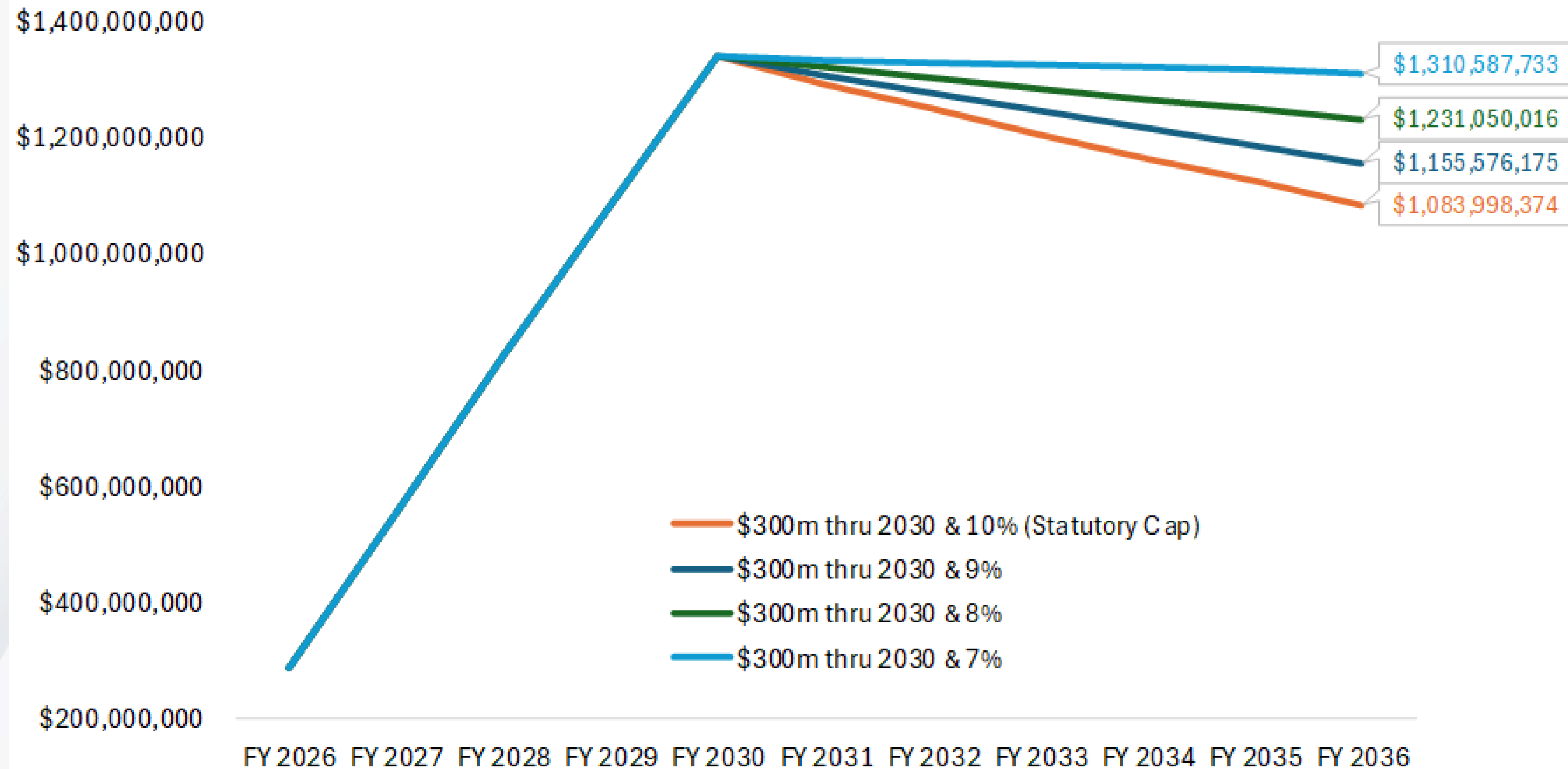
There are two primary impacts to consider:

- ✓ **The impact of drawdown on the balance of the Endowment**
- ✓ **The impact of drawdown on available expenditures**

Because the amount of available expenditures is based on a percentage of the Endowment balance, the two considerations are linked.

IMPACT ON BALANCE

Chart 2.1 Projected Endowment Balance: \$300m Contributions through FY 2030 vs. Varying Spend

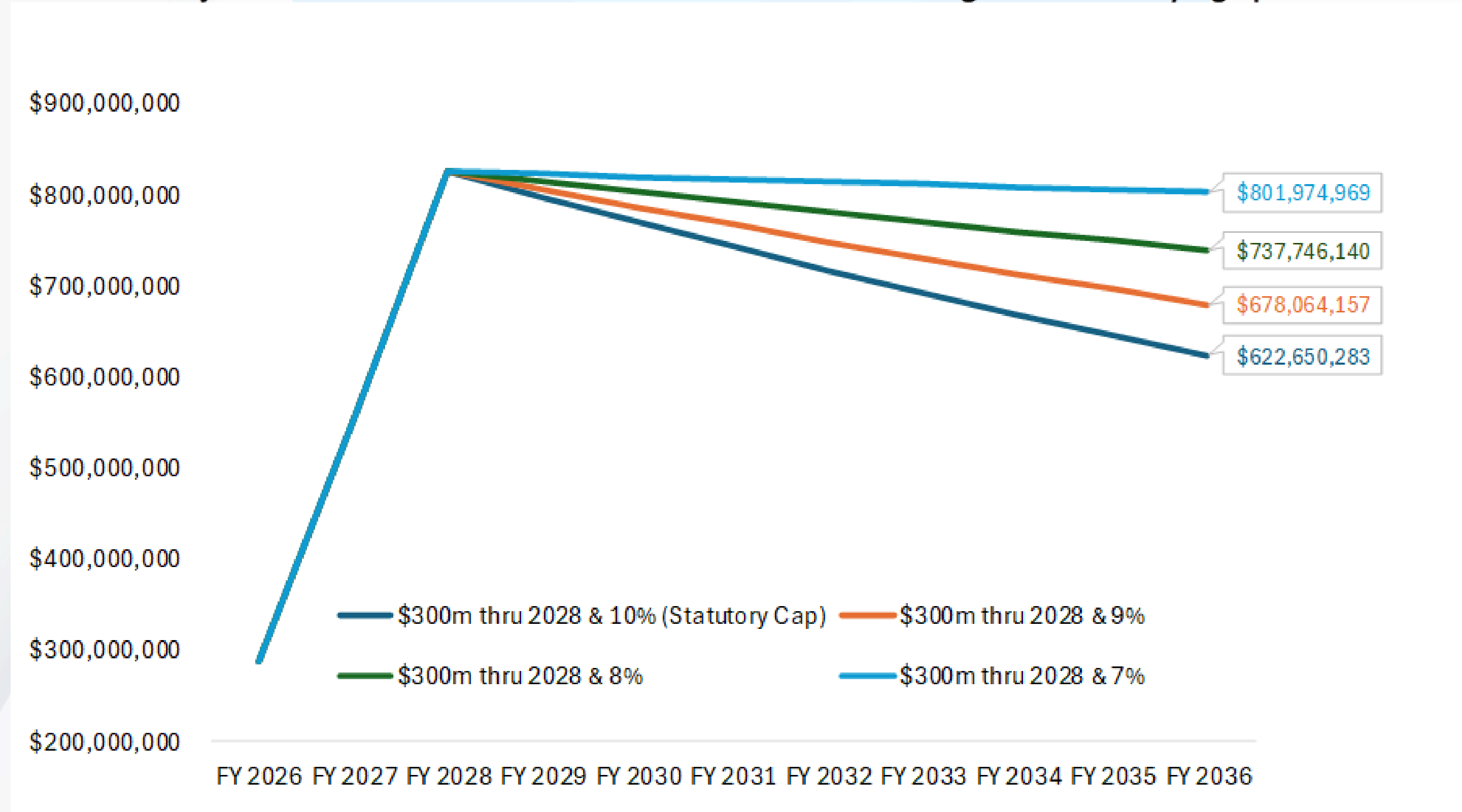


Note: Assumes a 6.9% rate of return on invested capital

Source: Office of the Treasurer

IMPACT ON BALANCE

Chart 2.2. Projected Endowment Balance: \$300m Contribution through 2028 vs. Varying Spend

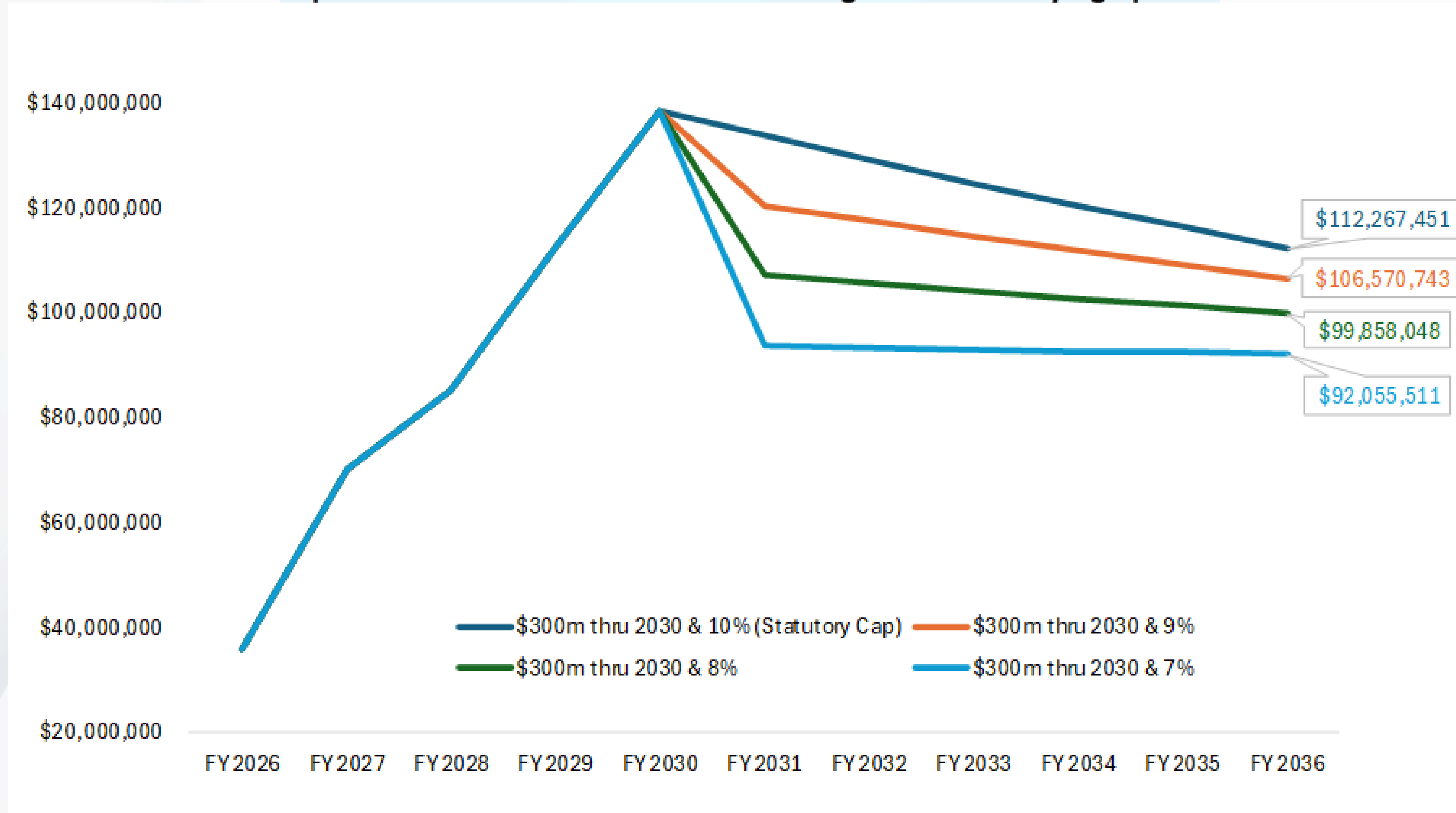


Note: Assumes a 6.9% rate of return on invested capital

Source: Office of the Treasurer

IMPACT ON EXPENDITURES

Chart 2.3 Available Expenditures: \$300m Contribution through 2030 vs. Varying Spend

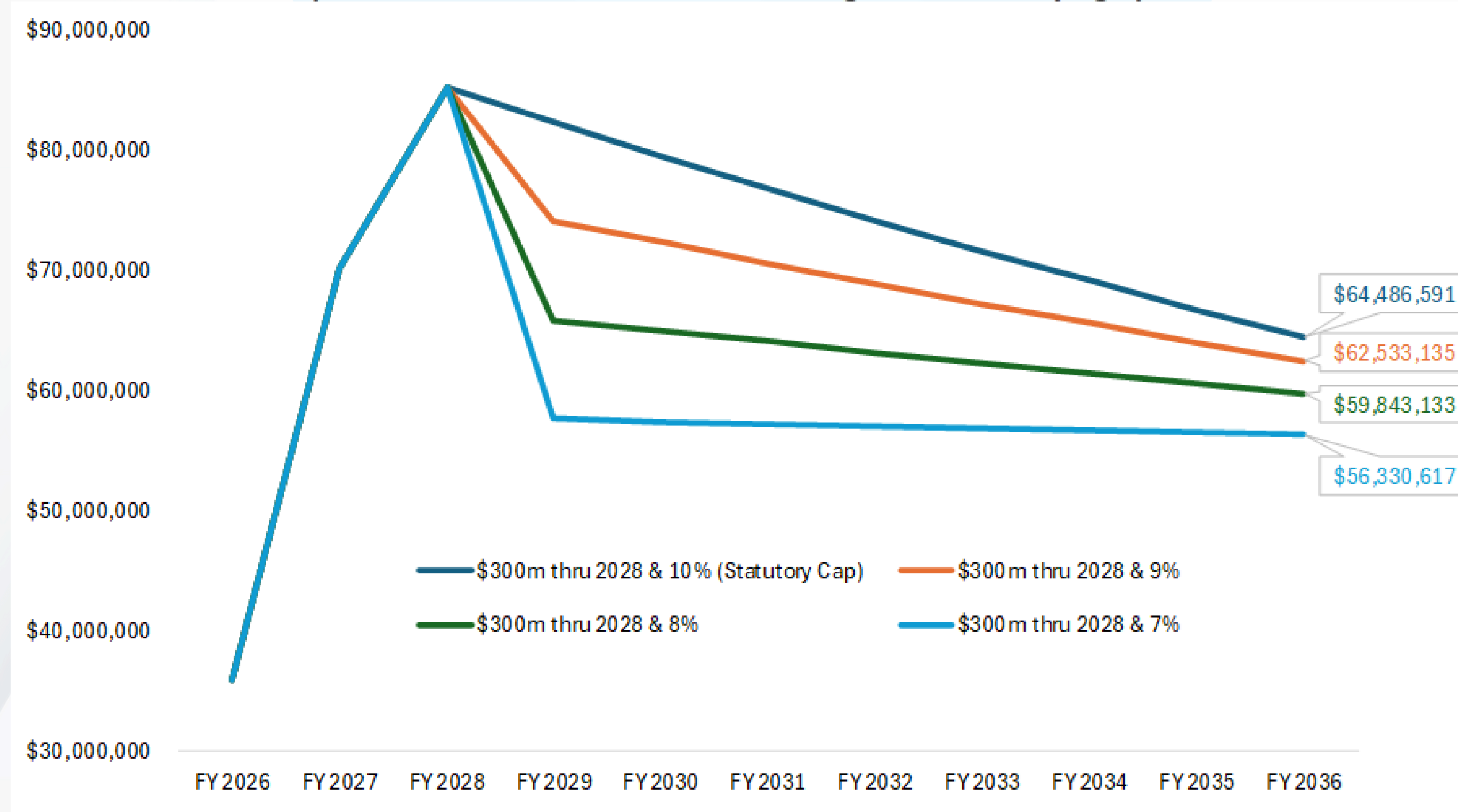


Note: Assumes a 6.9% rate of return on invested capital

Source: Office of the Treasurer

IMPACT ON EXPENDITURES

Chart 2.4 Available Expenditures: \$300m Contribution through 2028 vs. Varying Spend



Note: Assumes a 6.9% rate of return on invested capital

Source: Office of the Treasurer

The background of the slide is a photograph of a classroom. On the left, there are two world maps on the wall. In the center, a large blue circle with a white border contains the text. On the right, there is a poster with the text 'TO SUCCEED' and an illustration of a superhero. In the foreground, the backs of several children's heads are visible as they sit at their desks.

KEY TAKEAWAYS

The timing and rate of drawdown of the Endowment are influenced by a number of factors, most of which are unknowable at this point in the lifetime of the Endowment.

The consistency and size of contributions will have a significant impact on the balance and available expenditures.

If the initial contributions grow the Endowment quickly, it may only be necessary to spend a smaller amount as a percentage and limit future expenditures to investment earnings, which would preserve the corpus and ensure the sustainability of the Endowment.



QUESTIONS?

Treasurer's Office Contact:
state.treasurer@ct.gov

Jennifer Putetti
Director of Strategic Initiatives
jennifer.putetti@ct.gov