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June 21, 2010

Mr. Robert S. Dakers
Executive Finance Officer
State of Connecticut, Office of Policy and Management
450 Capitol Avenue
Hartford, CT 06106

Subject: Projection of State Employees Retirement System

Dear Bob:

As requested, we have developed the 30 year projection of the State of Connecticut State Employees Retirement System (SERS) and our results are on the attached schedules. Our projections are based upon the financial and member data as of June 30, 2008 with appropriate adjustments to account for the early retirement incentive offered in 2009. In performing the projections, we utilized the actuarial assumptions and methods as used to perform the June 30, 2008 actuarial valuation and we assume all future experience exactly matches with these assumptions.

Attachment 1 provides the summarized valuation results of the projections and Attachment 2 provides the current and future contribution requirements. The attachments include the results under both the level percent of payroll and level dollar amortization methods.

In addition, we were asked to provide a 30 year projection assuming that the retirement eligibility was changed to add one more year of age to the retirement requirement (e.g. Age 55 with 10 years of service would become Age 56 with 10 years of service). In order to achieve this projection, we modified the retirement decrement assumptions slightly to accommodate the new retirement eligibilities. The results of this projection are included in Attachments 3 and 4.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. Please contact us if you have any questions.

Sincerely,

Thomas J. Cavanaugh FSA, FCA, MAAA, EA
Chief Executive Officer

Enc.
S:\Connecticut SERS\Correspondence\2010\OPM Projections - Version 2.doc

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Attachment 1

Connecticut SERS
30 Year Baseline Projection based on June 30, 2008 Valuation
Assuming Market Value of $8.481 Billion as of June 30, 2010 and 8.25% Investment Return for Each Year Thereafter
Recognizes the Early Retirement Incentive of 2009

		(2)	(3)	(4)		(5)	(6)	(7)		(8)	(9)
				Level Percent of Payroll Amortization Method				Level Dollar Amortization Method			
Valuation Year Ending 6/30/YYYY	Fiscal Year Ending 6/30/YYYY	Annual Payroll	Retiree Payments for the Valuation Year	Unfunded Accrued Liability Beginning of Valuation Year	Plan Assets at Beginning of Valuation Year	Funded Ratio = Assets / Accrued Liability	Amortization Period	Unfunded Accrued Liability Beginning of Valuation Year	Plan Assets at Beginning of Valuation Year	Funded Ratio = Assets / Accrued Liability	Amortization Period
2008	2010	3,497,445	1,014,096	9,253,126	9,990,247	51.9%	30	9,253,126	9,990,247	50.0%	30
2009	2011	3,637,342	1,070,474	11,794,163	8,787,160	42.7%	30	11,794,163	8,787,160	42.7%	30
2010	2012	3,183,548	1,304,721	12,027,504	10,177,320	45.8%	30	12,027,504	10,177,320	45.8%	30
2011	2013	3,216,895	1,359,478	12,556,947	10,514,088	45.6%	29	12,174,048	10,912,794	47.3%	29
2012	2014	3,252,331	1,417,478	13,530,077	10,438,900	43.6%	28	12,725,116	11,277,093	47.0%	28
2013	2015	3,286,589	1,479,923	14,277,806	10,610,461	42.6%	27	13,037,274	11,902,208	47.7%	27
2014	2016	3,317,006	1,547,841	14,503,331	11,321,497	43.8%	26	12,803,064	13,091,958	50.6%	26
2015	2017	3,337,815	1,622,443	14,816,998	11,953,952	44.7%	25	12,640,382	14,220,142	52.9%	25
2016	2018	3,355,923	1,701,354	15,123,389	12,594,761	45.4%	24	12,472,868	15,354,146	55.2%	24
2017	2019	3,378,632	1,779,770	15,413,909	13,253,533	46.2%	23	12,292,356	16,503,136	57.3%	23
2018	2020	3,396,579	1,862,420	15,684,853	13,930,450	47.0%	22	12,097,030	17,665,327	59.4%	22
2019	2021	3,421,570	1,944,621	15,932,448	14,629,372	47.9%	21	11,885,598	18,842,000	61.3%	21
2020	2022	3,439,823	2,035,373	16,152,505	15,344,796	48.7%	20	11,656,724	20,024,684	63.2%	20
2021	2023	3,460,315	2,126,613	16,340,351	16,077,930	49.6%	19	11,408,968	21,211,225	65.0%	19
2022	2024	3,487,572	2,215,823	16,490,775	16,835,781	50.5%	18	11,140,772	22,404,830	66.8%	18
2023	2025	3,519,754	2,303,799	16,597,970	17,625,757	51.5%	17	10,850,450	23,608,621	68.5%	17
2024	2026	3,561,026	2,389,685	16,655,463	18,457,244	52.6%	16	10,536,176	24,827,150	70.2%	16
2025	2027	3,604,586	2,474,736	16,656,038	19,338,007	53.7%	15	10,195,975	26,062,732	71.9%	15
2026	2028	3,651,491	2,560,164	16,591,649	20,274,780	55.0%	14	9,827,707	27,315,957	73.5%	14
2027	2029	3,704,617	2,641,245	16,453,319	21,280,262	56.4%	13	9,429,057	28,592,594	75.2%	13
2028	2030	3,763,216	2,719,256	16,231,017	22,367,075	58.0%	12	8,997,518	29,897,439	76.9%	12
2029	2031	3,837,498	2,788,095	15,913,519	23,557,316	59.7%	11	8,530,377	31,243,735	78.6%	11
2030	2032	3,920,591	2,850,389	15,488,239	24,874,666	61.6%	10	8,024,697	32,645,128	80.3%	10
2031	2033	4,014,693	2,907,051	14,941,018	26,342,302	63.8%	9	7,477,299	34,113,374	82.0%	9
2032	2034	4,117,089	2,959,612	14,255,857	27,984,478	66.3%	8	6,884,739	35,659,664	83.8%	8
2033	2035	4,227,474	3,005,218	13,414,571	29,831,455	69.0%	7	6,243,293	37,299,220	85.7%	7
2034	2036	4,348,830	3,043,889	12,396,309	31,916,983	72.0%	6	5,548,928	39,048,294	87.6%	6
2035	2037	4,480,604	3,076,731	11,176,855	34,278,577	75.4%	5	4,797,278	40,923,754	89.5%	5
2036	2038	4,621,869	3,103,220	9,727,536	36,959,650	79.2%	4	3,983,616	42,944,099	91.5%	4
2037	2039	4,773,502	3,123,427	8,013,327	40,011,041	83.3%	3	3,102,827	45,129,056	93.6%	3
2038	2040	4,934,070	3,140,208	5,989,119	43,492,673	87.9%	2	2,149,374	47,497,380	95.7%	2
2039	2041	5,104,120	3,152,182	3,590,886	47,486,170	93.0%	1	1,117,261	50,070,323	97.8%	1
2040	2042	5,284,124	3,159,009	0	52,123,707	100.0%	0	(1)	52,871,495	100.0%	0

All numbers are in thousands

6/21/2010

Attachment 2

Connecticut SERS
30 Year Baseline Projection based on June 30, 2008 Valuation
Assuming Market Value of $8.481 Billion as of June 30, 2010 and 8.25% Investment Return for Each Year Thereafter
Recognizes the Early Retirement Incentive of 2009

		(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)	(10)	(11)
		Level Percent of Payroll Amortization Method					Level Dollar Amortization Method				
Valuation Year Ending 6/30/YYYY	Fiscal Year Ending 6/30/YYYY	Normal Cost	Amortization of Unfunded Accrued Liability	Total State Contribution = (7) + (8)	Employee Contribution	Total Contribution = (9) + (10)	Normal Cost	Amortization of Unfunded Accrued Liability	Total State Contribution = (7) + (8)	Employee Contribution	Total Contribution = (9) + (10)
		320,915	432,783	753,698			320,915	432,783	753,698		
2008	2010	335,323	562,105	897,428	61,876	959,304	335,323	562,105	897,428	61,876	959,304
2009	2011	340,927	689,242	1,030,169	63,816	1,093,985	340,927	1,072,454	1,413,381	63,816	1,477,197
2010	2012	358,156	702,879	1,061,035	65,889	1,126,924	358,156	1,093,672	1,451,828	65,889	1,517,717
2011	2013	366,065	746,946	1,113,011	68,036	1,181,047	366,065	1,116,410	1,482,475	68,036	1,550,511
2012	2014	372,722	820,102	1,192,824	70,149	1,262,973	372,722	1,177,785	1,550,507	70,149	1,620,656
2013	2015	377,641	882,858	1,260,499	72,094	1,332,594	377,641	1,218,935	1,596,576	72,094	1,668,671
2014	2016	379,323	916,011	1,295,334	74,049	1,369,383	379,323	1,210,346	1,589,669	74,049	1,663,718
2015	2017	380,840	957,160	1,338,000	76,254	1,414,254	380,840	1,209,524	1,590,364	76,254	1,666,618
2016	2018	382,880	1,000,703	1,383,583	78,523	1,462,106	382,880	1,209,445	1,592,325	78,523	1,670,848
2017	2019	384,451	1,046,405	1,430,856	80,925	1,511,781	384,451	1,209,437	1,593,888	80,925	1,674,813
2018	2020	385,551	1,094,370	1,479,921	83,054	1,562,974	385,551	1,209,436	1,594,987	83,054	1,678,040
2019	2021	384,432	1,144,736	1,529,168	85,339	1,614,507	384,432	1,209,436	1,593,868	85,339	1,679,207
2020	2022	383,809	1,197,655	1,581,464	87,876	1,669,340	383,809	1,209,436	1,593,245	87,876	1,681,121
2021	2023	384,253	1,253,294	1,637,547	90,553	1,728,100	384,253	1,209,436	1,593,689	90,553	1,684,242
2022	2024	385,975	1,311,840	1,697,815	93,429	1,791,244	385,975	1,209,436	1,595,411	93,429	1,688,840
2023	2025	387,956	1,373,501	1,761,457	96,266	1,857,723	387,956	1,209,436	1,597,392	96,266	1,693,658
2024	2026	389,552	1,438,512	1,828,064	99,082	1,927,146	389,552	1,209,436	1,598,988	99,082	1,698,070
2025	2027	390,791	1,507,141	1,897,932	102,052	1,999,985	390,791	1,209,436	1,600,227	102,052	1,702,280
2026	2028	391,815	1,579,701	1,971,516	104,923	2,076,439	391,815	1,209,436	1,601,251	104,923	1,706,174
2027	2029	393,677	1,656,557	2,050,234	108,274	2,158,507	393,677	1,209,436	1,603,113	108,274	1,711,386
2028	2030	398,690	1,738,145	2,136,835	111,757	2,248,592	398,690	1,209,436	1,608,126	111,757	1,719,883
2029	2031	404,834	1,825,001	2,229,835	115,408	2,345,243	404,834	1,209,436	1,614,270	115,408	1,729,678
2030	2032	412,165	1,917,795	2,329,960	119,225	2,449,185	412,165	1,209,437	1,621,602	119,225	1,740,827
2031	2033	420,808	2,017,394	2,438,202	123,219	2,561,420	420,808	1,209,437	1,630,245	123,219	1,753,463
2032	2034	430,532	2,124,964	2,555,496	127,420	2,682,917	430,532	1,209,437	1,639,969	127,420	1,767,390
2033	2035	441,743	2,242,149	2,683,892	131,835	2,815,727	441,743	1,209,437	1,651,180	131,835	1,783,015
2034	2036	454,158	2,371,410	2,825,568	136,451	2,962,019	454,158	1,209,437	1,663,595	136,451	1,800,046
2035	2037	467,542	2,516,731	2,984,273	141,288	3,125,561	467,542	1,209,437	1,676,979	141,288	1,818,267
2036	2038	482,270	2,685,307	3,167,577	146,329	3,313,906	482,270	1,209,436	1,691,706	146,329	1,838,035
2037	2039	497,833	2,892,335	3,390,168	151,613	3,541,781	497,833	1,209,436	1,707,269	151,613	1,858,882
2038	2040	514,465	3,179,345	3,693,810	157,150	3,850,960	514,465	1,209,436	1,723,901	157,150	1,881,051
2039	2041	532,173	3,737,629	4,269,802	162,941	4,432,743	532,173	1,209,435	1,741,608	162,941	1,904,549
2040	2042	551,039	0	551,039	169,014	720,053	551,039	0	551,039	169,014	720,053

All numbers are in thousands

6/21/2010

Attachment 3

Connecticut SERS
30 Year Projection based on June 30, 2008 Valuation
Assuming Market Value of $8.481 Billion as of June 30, 2010 and 8.25% Investment Return for Each Year Thereafter
Recognizes the Early Retirement Incentive of 2009
Add One Year to Age to All Retirement Eligibilities

		(2)	(3)	(4)		(5)	(6)	(7)		(8)	(9)
				Level Percent of Payroll Amortization Method				Level Dollar Amortization Method			
Valuation Year Ending 6/30/YYYY	Fiscal Year Ending 6/30/YYYY	Annual Payroll	Retiree Payments for the Valuation Year	Unfunded Accrued Liability Beginning of Valuation Year	Plan Assets at Beginning of Valuation Year	Funded Ratio = Assets / Accrued Liability	Amortization Period	Unfunded Accrued Liability Beginning of Valuation Year	Plan Assets at Beginning of Valuation Year	Funded Ratio = Assets / Accrued Liability	Amortization Period
2008	2010	3,497,445	1,014,096	9,253,126	9,990,247	51.9%	30	9,253,126	9,990,247	50.0%	30
2009	2011	3,637,342	1,070,474	11,794,163	8,787,160	42.7%	30	11,794,163	8,787,160	42.7%	30
2010	2012	3,195,707	1,298,166	11,929,879	10,177,320	46.0%	30	11,929,879	10,177,320	46.0%	30
2011	2013	3,238,803	1,347,195	12,446,693	10,531,557	45.8%	29	12,063,794	10,930,263	47.5%	29
2012	2014	3,277,675	1,403,069	13,417,816	10,464,402	43.8%	28	12,616,023	11,299,296	47.3%	28
2013	2015	3,318,851	1,461,954	14,164,229	10,649,098	42.9%	27	12,930,675	11,933,578	48.0%	27
2014	2016	3,355,423	1,526,594	14,388,578	11,378,759	44.2%	26	12,699,155	13,137,929	50.9%	26
2015	2017	3,380,541	1,599,692	14,699,801	12,035,530	45.0%	25	12,537,867	14,286,433	53.3%	25
2016	2018	3,401,721	1,677,256	15,003,771	12,705,123	45.9%	24	12,371,718	15,445,281	55.5%	24
2017	2019	3,424,524	1,757,001	15,291,992	13,394,143	46.7%	23	12,192,670	16,620,603	57.7%	23
2018	2020	3,444,965	1,840,029	15,560,793	14,103,371	47.5%	22	11,998,928	17,811,226	59.8%	22
2019	2021	3,468,754	1,924,465	15,806,430	14,834,652	48.4%	21	11,789,211	19,016,436	61.7%	21
2020	2022	3,488,874	2,016,542	16,024,746	15,583,307	49.3%	20	11,562,193	20,228,608	63.6%	20
2021	2023	3,507,806	2,110,423	16,211,106	16,349,226	50.2%	19	11,316,446	21,444,295	65.5%	19
2022	2024	3,531,892	2,203,396	16,360,340	17,138,211	51.2%	18	11,050,425	22,665,533	67.2%	18
2023	2025	3,562,274	2,294,443	16,466,687	17,957,777	52.2%	17	10,762,457	23,895,580	69.0%	17
2024	2026	3,597,401	2,385,358	16,523,725	18,815,170	53.2%	16	10,450,732	25,136,888	70.6%	16
2025	2027	3,638,325	2,473,697	16,524,295	19,719,295	54.4%	15	10,113,289	26,392,956	72.3%	15
2026	2028	3,683,390	2,562,242	16,460,415	20,676,724	55.7%	14	9,748,007	27,664,257	73.9%	14
2027	2029	3,732,299	2,647,398	16,323,178	21,699,289	57.1%	13	9,352,590	28,955,748	75.6%	13
2028	2030	3,786,366	2,729,305	16,102,634	22,799,253	58.6%	12	8,924,551	30,271,931	77.2%	12
2029	2031	3,856,957	2,801,725	15,787,647	23,998,465	60.3%	11	8,461,198	31,625,867	78.9%	11
2030	2032	3,936,900	2,866,932	15,365,731	25,320,935	62.2%	10	7,959,619	33,031,611	80.6%	10
2031	2033	4,028,167	2,926,301	14,822,838	26,789,929	64.4%	9	7,416,660	34,501,097	82.3%	9
2032	2034	4,127,974	2,981,173	14,143,096	28,429,769	66.8%	8	6,828,906	36,045,686	84.1%	8
2033	2035	4,236,387	3,028,511	13,308,464	30,271,056	69.5%	7	6,192,663	37,681,057	85.9%	7
2034	2036	4,354,995	3,069,038	12,298,256	32,347,164	72.5%	6	5,503,929	39,423,229	87.8%	6
2035	2037	4,484,634	3,103,191	11,088,448	34,695,850	75.8%	5	4,758,374	41,289,471	89.7%	5
2036	2038	4,623,828	3,130,788	9,650,593	37,360,347	79.5%	4	3,951,311	43,298,299	91.6%	4
2037	2039	4,773,534	3,151,650	7,949,943	40,391,562	83.6%	3	3,077,665	45,469,751	93.7%	3
2038	2040	4,932,989	3,168,262	5,941,746	43,849,788	88.1%	2	2,131,944	47,823,278	95.7%	2
2039	2041	5,101,552	3,180,068	3,562,483	47,816,202	93.1%	1	1,108,201	50,380,160	97.9%	1
2040	2042	5,279,986	3,186,423	0	52,422,389	100.0%	0	0	53,164,277	100.0%	0

All numbers are in thousands

6/21/2010

Attachment 4

Connecticut SERS
30 Year Projection based on June 30, 2008 Valuation
Assuming Market Value of $8.481 Billion as of June 30, 2010 and 8.25% Investment Return for Each Year Thereafter
Recognizes the Early Retirement Incentive of 2009
Add One Year to Age to All Retirement Eligibilities

		(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)	(10)	(11)
		Level Percent of Payroll Amortization Method					Level Dollar Amortization Method				
Valuation Year Ending 6/30/YYYY	Fiscal Year Ending 6/30/YYYY	Normal Cost	Amortization of Unfunded Accrued Liability	Total State Contribution = (7) + (8)	Employee Contribution	Total Contribution = (9) + (10)	Normal Cost	Amortization of Unfunded Accrued Liability	Total State Contribution = (7) + (8)	Employee Contribution	Total Contribution = (9) + (10)
		320,915	432,783	753,698			320,915	432,783	753,698		
2008	2010	335,323	562,105	897,428	61,936	959,364	335,323	562,105	897,428	61,936	959,364
2009	2011	340,927	689,242	1,030,169	63,916	1,094,085	340,927	1,072,454	1,413,381	63,916	1,477,297
2010	2012	356,996	697,173	1,054,169	66,004	1,120,174	356,996	1,084,795	1,441,791	66,004	1,507,796
2011	2013	366,469	740,387	1,106,856	68,149	1,175,004	366,469	1,106,299	1,472,768	68,149	1,540,916
2012	2014	374,363	813,297	1,187,660	70,226	1,257,886	374,363	1,167,688	1,542,051	70,226	1,612,277
2013	2015	380,717	875,835	1,256,552	72,121	1,328,673	380,717	1,208,968	1,589,685	72,121	1,661,806
2014	2016	383,722	908,764	1,292,486	73,998	1,366,484	383,722	1,200,523	1,584,245	73,998	1,658,243
2015	2017	386,095	949,590	1,335,685	76,120	1,411,805	386,095	1,199,715	1,585,810	76,120	1,661,930
2016	2018	388,569	992,788	1,381,357	78,264	1,459,621	388,569	1,199,637	1,588,206	78,264	1,666,470
2017	2019	390,337	1,038,128	1,428,465	80,550	1,509,015	390,337	1,199,629	1,589,966	80,550	1,670,516
2018	2020	391,531	1,085,714	1,477,245	82,561	1,559,805	391,531	1,199,628	1,591,159	82,561	1,673,719
2019	2021	390,497	1,135,682	1,526,179	84,736	1,610,915	390,497	1,199,628	1,590,125	84,736	1,674,861
2020	2022	389,953	1,188,182	1,578,135	87,192	1,665,327	389,953	1,199,628	1,589,581	87,192	1,676,773
2021	2023	390,031	1,243,381	1,633,412	89,791	1,723,203	390,031	1,199,628	1,589,659	89,791	1,679,450
2022	2024	391,419	1,301,464	1,692,883	92,605	1,785,488	391,419	1,199,628	1,591,047	92,605	1,683,652
2023	2025	392,714	1,362,637	1,755,351	95,407	1,850,758	392,714	1,199,628	1,592,342	95,407	1,687,749
2024	2026	393,495	1,427,134	1,820,629	98,215	1,918,844	393,495	1,199,628	1,593,123	98,215	1,691,338
2025	2027	394,293	1,495,221	1,889,514	101,171	1,990,685	394,293	1,199,628	1,593,921	101,171	1,695,092
2026	2028	394,676	1,567,206	1,961,882	104,019	2,065,901	394,676	1,199,628	1,594,304	104,019	1,698,323
2027	2029	395,660	1,643,454	2,039,114	107,377	2,146,492	395,660	1,199,628	1,595,288	107,377	1,702,666
2028	2030	399,813	1,724,397	2,124,210	110,867	2,235,077	399,813	1,199,628	1,599,441	110,867	1,710,308
2029	2031	405,322	1,810,566	2,215,888	114,523	2,330,411	405,322	1,199,628	1,604,950	114,523	1,719,473
2030	2032	412,032	1,902,626	2,314,658	118,349	2,433,007	412,032	1,199,628	1,611,660	118,349	1,730,009
2031	2033	420,153	2,001,437	2,421,590	122,344	2,543,934	420,153	1,199,628	1,619,781	122,344	1,742,125
2032	2034	429,473	2,108,156	2,537,629	126,525	2,664,155	429,473	1,199,629	1,629,102	126,525	1,755,628
2033	2035	440,334	2,224,414	2,664,748	130,922	2,795,671	440,334	1,199,629	1,639,963	130,922	1,770,886
2034	2036	452,400	2,352,652	2,805,052	135,517	2,940,569	452,400	1,199,629	1,652,029	135,517	1,787,546
2035	2037	465,468	2,496,824	2,962,292	140,326	3,102,618	465,468	1,199,629	1,665,097	140,326	1,805,423
2036	2038	479,881	2,664,067	3,143,948	145,343	3,289,291	479,881	1,199,628	1,679,509	145,343	1,824,852
2037	2039	495,267	2,869,457	3,364,724	150,594	3,515,319	495,267	1,199,628	1,694,895	150,594	1,845,490
2038	2040	511,788	3,154,197	3,665,985	156,087	3,822,073	511,788	1,199,628	1,711,416	156,087	1,867,504
2039	2041	529,335	3,708,065	4,237,400	161,834	4,399,234	529,335	1,199,628	1,728,963	161,834	1,890,797
2040	2042	548,017	0	548,017	167,856	715,874	548,017	0	548,017	167,856	715,874

All numbers are in thousands

6/21/2010