October 28, 2011

Ms. Helen Kemp
Assistant Director, Division Counsel
Municipal Employees Retirement System
Office of the State Comptroller
55 Elm Street
Hartford, CT 06106

Re: CT SBF 2011 Roll Forward

Dear Ms. Kemp:

As you are aware, under the terms of the current contract between the Municipal Employees Retirement System (MERS) and Buck Consultants, the actuarial valuation for the Policemen and Firemen Survivors' Benefit Fund (SBF) are to performed on a biennial basis, with the next full valuation scheduled as of June 30, 2012. In lieu of a full valuation as of June 30, 2011, the contract calls for Buck to roll forward the liabilities from the previous year, and using updated asset information determine the funding requirements and the funded status of the System. Unless otherwise noted, all roll forward calculations were based on the same membership data, provisions, actuarial assumptions and methods as those used in the June 30, 2010 valuation.

MERS staff provided us with updated asset information for the fiscal year that ended June 30, 2011. Reviewing this information shows an investment return of 15.08% on a market value basis and a return of 6.72% on an actuarial value basis. Based on our roll forward results, we have calculated a required contribution rate of 0.87% of payroll for all of the participating municipalities. Using the same methodologies and assumptions as last year, the credit base previously established for the "original eight" municipalities would be decreased by 0.87% of total payroll, thus only a contribution for administrative expenses would be required. New Britain would be required to contribute 0.87% of payroll less its amortization credit plus administrative expenses.

Since this valuation was performed on a roll forward basis, we were not provided with updated membership data. As such, the estimated administrative expenses for each municipality were based on the same active head counts as last year and a $40 expense for each active member. The contribution of 0.87% of payroll was applied to New Britain's projected June 30, 2011 payroll and offset by the amortization credit of their unfunded accrued liability. Such employer contribution amounts to $52,889.

The table below summarizes the employer contribution requirements for the July 1, 2011 - June 30, 2012 fiscal year.

Municipality	Active Members	Estimated Contributions
New London Police	87	$3,480
New London Fire	69	2,760
Seymour Police	41	1,640
Manchester Fire	81	3,240
Milford Police	104	4,160
Milford Fire	111	4,440
Derby Police	31	1,240
Middlefield Police	2	80
New Britain Police *	77	55,969
Total	603	$77,009

* Equals $57,741 for the normal cost contribution offset by the amortization credit of 4,852 plus $3,080 for administrative expenses.

Note that all contribution amounts shown above are the amounts to be contributed by the municipalities. In addition to these amounts, all active members are required to contribute 1% of payroll.

Additional exhibits that summarize the main results of the roll forward are attached. We look forward to discussing these results with you and the Sub-Committee.

We are both Members of the American Academy of Actuaries and meet the Academy's Qualification Standards to issue this Statement of Actuarial Opinion. The valuation roll forward was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board. The actuarial calculations were performed by qualified actuaries according to generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the System, and on actuarial assumptions that are individually and in the aggregate internally consistent and reasonably based on the actual experience of the System.

Respectfully submitted,

Philip Bonanno, ASA, EA, MAAA, FCA
Director, Consulting Actuary

Janet H. Cranna, FSA, EA, MAAA, FCA
Principal, Consulting Actuary

PB/JC/az
Enclosure
CT SBF - Roll Forward Val Results - 6.30.2011.doc

cc: Ms. Kathryn Balut

CONNECTICUT POLICEMEN AND FIREMEN SURVIVORS' BENEFIT FUND - DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Valuation Date June 30:	2007	2008	2009	2010	2011
A. Actuarial Value Beginning of Year	$ 22,260,223	$ 23,312,682	$ 24,009,192	$ 21,378,422	$ 21,979,077
B. Market Value Beginning of Year	19,648,497	21,578,020	20,601,276	17,815,352	19,432,371
C. Cash Flow					
C1. Contributions	406,240	413,433	420,753	453,295	461,258
C2. Benefit Payments	(795,683)	(828,866)	(863,433)	(908,048)	(929,605)
C3. Net	(389,443)	(415,433)	(442,679)	(454,753)	(468,347)
D. Investment Income					
D1. Market Return	2,318,966	(561,311)	(2,343,245)	2,071,772	2,895,557
D2. Expected Actuarial Return	1,875,568	1,963,922	2,021,967	1,692,084	1,739,592
E. Expected Actuarial Value End of Year	23,746,348	24,861,171	25,588,480	22,615,753	23,250,322
F. Market Value End of Year	21,578,020	20,601,276	17,815,352	19,432,371	21,859,581
G. Phased-In Recognition of Investment Income					
G1. Difference between Market and Expected Actuarial Value	(2,168,328)	(4,259,895)	(7,773,128)	(3,183,382)	(1,390,741)
G2. 20% of Difference (0.2 * G1)	(433,666)	(851,979)	(1,554,626)	(636,676)	(278,148)
G3. Preliminary Actuarial Value End of Year	23,312,682	24,009,192	24,033,854	21,979,077	22,972,174
G4. Minimum = 80% of Market Value (0.8 * F)	17,262,416	16,481,021	14,252,282	15,545,897	17,487,665
G5. Maximum = 120% of Market Value (1.2 * F)	25,893,624	24,721,531	21,378,422	23,318,845	26,231,497
G6. Actuarial Value End of Year (G3, subject to G4 & G5)	$ 23,312,682	$ 24,009,192	$ 21,378,422	$ 21,979,077	$ 22,972,174
H. Difference Between Market and Actuarial Values	$ (1,734,662)	$ (3,407,916)	$ (3,563,070)	$ (2,546,706)	$ (1,112,593)
I. Recognized Rate of Return	6.53%	4.81%	-9.20%	4.99%	6.72%
J. Market Value Rate of Return	11.92%	-2.63%	-11.50%	11.78%	15.08%

The Actuarial Value of Assets recognizes expected investment income (line D2) along with 20% of its difference (gain/loss) with the market return (line D1) in the valuation year, in addition to 20% of any prior years' unrecognized gains/losses. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than market value.

CONNECTICUT POLICEMEN AND FIREMEN
SURVIVORS' BENEFIT FUND

RESULTS OF THE ROLL FORWARD VALUATION
AS OF JUNE 30, 2011

CALCULATION OF ANNUAL NORMAL COST

(1)	Actuarial Liabilities		
	Present value of prospective benefits payable with respect to:		
	(a) Present annuitants	$	7,015,544
	(b) Present retired members		9,663,102
	(c) Present active members		11,129,868
	(d) Non-vested inactive members		308,506
	(e) Total actuarial liabilities		28,117,020
(2)	Actuarial Value of Assets		22,972,174
(3)	Present Value of Future Contributions by Members		3,074,535
(4)	Asset Surplus for all towns excluding New Britain		(546,164)
(5)	Unfunded Accrued Liability for New Britain		(55,170)
(6)	Present Value of Future Employer Normal Costs (1e)-(2)-(3)-(4)-(5)		2,671,645
(7)	Present Value of Future Salary		307,453,548
(8)	Employer Normal Contribution Rate (6) / (7), not less than zero		0.87%