



November 20, 2024

Honorable Sean Scanlon, State Comptroller  
 State of Connecticut  
 Office of the State Comptroller  
 165 Capitol Avenue,  
 Hartford, CT 06106-1775

**RE: Forecast of Reduction to State of Connecticut Actuarially Determined Employer Contribution (ADEC) Resulting from Past and Future Transfers**

Dear Mr. Scanlon:

We have been requested to provide a forecast of the reductions to the State’s ADEC for both the State Employees Retirement System (SERS) and the Teachers’ Retirement System (TRS) resulting from the additional contributions to these System’s assets from the Budget Reserve Fund (BRF) and General Fund Surplus. The table below summarizes the amount of these transfers.

Past Transfer Amounts and Expected Transfer Amounts for 2025					
Valuation Year	State		Teachers		Total
2020	\$	61,621,659	\$	-	\$ 61,621,659
2021		714,663,947		903,642,800	1,618,306,747
2022		3,203,691,833		903,642,800	4,107,334,633
2023		1,118,546,305		828,062,757	1,946,609,062
2024		<u>513,939,722</u>		<u>419,138,931</u>	<u>933,078,653</u>
Total	\$	5,612,463,466	\$	3,054,487,288	\$ 8,666,950,754

**Forecast of Impact on ADEC**

These transfer amounts increase the value of assets in the Systems’ actuarial valuation and effectively have a corresponding decrease in the Systems’ Unfunded Actuarial Accrued Liability (UAAL) as of the valuation date. The UAAL is amortized with future payments which reflect an interest and principal component. By reducing the UAAL with each transfer, the future interest payments are reduced. The table below provides the forecast of savings to the State’s and Teacher’s ADEC due to the transfers shown above.



Projected ADEC Reductions Due to Additional Transfers						
Valuation Year	Fiscal Year	State		Teachers		Total
2020	2022	\$	5,240,239	\$	-	\$ 5,240,239
2021	2023		66,014,489		76,844,807	142,859,296
2022	2024		338,452,980		153,689,614	492,142,594
2023	2025		433,572,949		224,107,176	657,680,125
2024	2026		477,277,828		259,750,298	737,028,126
2025	2027		477,277,828		259,750,298	737,028,126
2026	2028		477,277,828		259,750,298	737,028,126
2027	2029		477,277,828		259,750,298	737,028,126
2028	2030		477,277,828		259,750,298	737,028,126
2029	2031		477,277,828		259,750,298	737,028,126
2030	2032		477,277,828		259,750,298	737,028,126
2031	2033		477,277,828		259,750,298	737,028,126
2032	2034		477,277,828		259,750,298	737,028,126
2033	2035		477,277,828		259,750,298	737,028,126
2034	2036		477,277,828		259,750,298	737,028,126
2035	2037		477,277,828		259,750,298	737,028,126
2036	2038		477,277,828		259,750,298	737,028,126
2037	2039		477,277,828		259,750,298	737,028,126
2038	2040		477,277,828		259,750,298	737,028,126
2039	2041		477,277,828		259,750,298	737,028,126
2040	2042		477,277,828		259,750,298	737,028,126
2041	2043		477,277,828		259,750,298	737,028,126
2042	2044		477,277,828		259,750,298	737,028,126
2043	2045		477,277,828		259,750,298	737,028,126
2044	2046		477,277,828		259,750,298	737,028,126
2045	2047		472,037,588		259,750,298	731,787,886
2046	2048		411,263,339		182,905,491	594,168,830
2047	2049		138,824,848		106,060,684	244,885,532
2048	2050		43,704,879		35,643,122	79,348,001
2049	2051		-		-	-
Total		\$	11,931,945,699	\$	6,493,757,450	\$ 18,425,703,149

In summary for SERS, the total amounts transferred to SERS total \$5.61 billion but will result in a reduction to the total ADECs through fiscal year ending 2049 of \$11.93 billion. For CTRB, the total amounts transferred to CTRB total \$3.05 billion but will result in a reduction to the total ADECs through fiscal year ending 2049 of \$6.49 billion.



Honorable Sean Scanlon  
November 20, 2024  
Page 3

The undersigned are members of the American Academy of Actuaries and meet the qualification standards to provide the opinion contained herein.

Please let us know if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'John J. Garrett'.

John J. Garrett, ASA, FCA, MAAA  
Principal and Consulting Actuary

A handwritten signature in blue ink, appearing to read 'Edward J. Koebel'.

Edward J. Koebel, EA, FCA, MAAA  
Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Larry Langer'.

Larry Langer, EA, ASA, FCA, MAAA  
Principal and Consulting Actuary