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February 16, 2009

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PERSONAL & CONFIDENTIAL

Thomas C. Woodruff, Ph.D., Director
Retirement and Benefits Division
Office of the State Comptroller
55 Elm Street, Third Floor
Hartford, CT 06106

Re: State of Connecticut Other Post-Employment Benefits Program
Annual Required Contribution for FYE 2008 and Projected Accrued Liability as of
June 30, 2008

Dear Tom:

At your request, we have determined the annual required contribution (ARC) for FYE 2008 and a projected accrued liability as of June 30, 2008 for the State of Connecticut Other Post-Employment Benefits Program. The results are set forth in the following letter.

In preparing this projection we have reflected actual increases in the State's medical and dental costs between April 1, 2006 and June 30, 2008. Other than the adjustments to reflect the actual increases in those costs, we have based these calculations on the April 1, 2006 Valuation of the OPEB Plan. This is permitted under Governmental Accounting Standards Statement No. 45. Thus we have implicitly assumed there were no experience gains or losses between April 1, 2006 and June 30, 2008 except for those related to the actual increases in medical and dental costs. We are unaware of any material changes in the plan provisions. We have not reflected any changes in the actuarial assumptions. Please note that our calculations do not reflect the economic and demographic assumption changes that were adopted for the June 30, 2008 valuations of the State Employees Retirement System and the Judges, Compensation Commissioners, and Family Support Magistrates Retirement System. Nor do they reflect possible changes in the health cost trend assumptions from those used for the April 2006 valuation. These assumption changes will be reflected in the next actuarial valuation of the OPEB program.

For a description of the four discount rate scenarios and summaries of the actuarial methods and assumptions, the principal plan provisions, the underlying census and claims data, and other information related to the Other Post-Employment Benefits Program, please refer to our report for the April 1, 2006 valuation dated March 15, 2007.

Our results are shown below.

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	Discount Rate Scenario (\$ 000s)			
	4.50% Unfunded Scenario	4.70% Governor's Proposal	6.08% Comptroller's Proposal	8.50% Fully Funded
Accrued Liability as of June 30, 2007	\$23,090,441	\$22,249,879	\$17,520,285	\$12,263,973
Assets	0	0	0	0
Unfunded Accrued Liability	23,090,441	22,249,879	17,520,285	12,263,973
Amortization Period	30	30	30	30
Past Service Cost	717,599	711,304	674,775	631,894
Normal Cost	938,311	891,435	637,472	379,538
Annual Required Contribution (ARC) for FYE 2008	1,655,910	1,602,739	1,312,247	1,011,432
Projected Accrued Liability as of June 30, 2008	\$24,614,214	\$23,732,639	\$18,762,086	\$13,212,679

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We have calculated the ARC for FYE 2008 in compliance with our understanding of Government Accounting Standard No. 45. No attempt is being made to offer any accounting opinion or advice. The calculations reported herein have been made on a basis consistent with our understanding of the plan provisions. Additional determinations may be needed for purposes other than meeting accounting requirements.

Please note that the ARC for FYE 2008 is based on the accrued liability as of June 30, 2007 shown on page 2. As such, it is our understanding that the June 30, 2008 Comprehensive Annual Financial Report (CAFR) should disclose the June 30, 2007 accrued liability. As requested, we have also included a projection of the June 30, 2008 accrued liability, based on the assumptions outlined above. Please note that this projected June 30, 2008 accrued liability should not be used for GASB 45 disclosure purposes in the June 30, 2008 CAFR or for any other purpose.

Milliman's work product was prepared exclusively for the State for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning the State's operations, and uses the State's data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

In preparing this report, we relied without audit on employee census data and financial information as of the valuation date, furnished by the State. This information includes, but is not limited to, statutory provisions, employee data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to actual plan experience deviating from the actuarial assumptions, the natural operation of the plan's actuarial cost method (such as the expiration of an amortization period or additional cost or contribution requirements based on the plan's funded status), and changes in plan provisions, actuarial assumptions, and applicable law. An assessment of the potential range and cost effect of such differences is beyond the scope of this report.

February 16, 2009
Thomas C. Woodruff, Ph. D., Director
Page 4

On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices based on the actuarial methods and assumptions adopted by the Retirement Commission and the State.

This report may not be used without Milliman's prior written consent. If this report is distributed to other parties, it must be copied in its entirety, including this section. We understand that the plan sponsor may distribute this report to its auditor in connection with its audit. We will consent to this distribution as long as the work is distributed in its entirety, and the auditor is advised to have an actuary review the work. Milliman does not intend to benefit any third party recipient of its work product, including the auditor, and does not intend to create any legal duty from Milliman to the auditor even if Milliman consents to the release of its work product. In the event that the auditor's audit reveals any error or inaccuracy in the data underlying this report, Milliman requests that the auditor or the plan sponsor notify Milliman as soon as possible.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,



Rebecca A. Sielman, FSA
Consulting Actuary



William J. Thompson, FSA
Consulting Actuary

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