



GABRIEL, ROEDER, SMITH & COMPANY  
Consultants & Actuaries

Post-it® Fax Note	7671	Date	4/9	# of pages	8
To	N. Stearns	From	C Gellman		
Co./Dept.		Co.	OFA		
Phone #		Phone #	240 0200		
Fax #	418 6490	Fax #	240 0052		

1000 Town Center • Suite 1000 • Southfield, Michigan 48075 • 248-799-9000 • 800-521-0498 • fax 248-799-9020

April 8, 2002

Mr. William Sudol, Administrator  
Connecticut Teachers' Retirement System  
21 Grand Street  
Hartford, Connecticut 06106

Re: Proposal to Modify Normal Retirement Benefit Eligibility

Dear Bill:

In response to your request, we have prepared the enclosed supplemental actuarial report on the contribution rate required to support a proposed change in the Connecticut Teachers' Retirement System (CTRS).

**PROPOSED PLAN CHANGE:**

A member will be eligible for an unreduced Normal Retirement Benefit after the earlier of: Age 60 and 20 years of Credited Service in Connecticut, or the following:

If the member retires before July 1, 2004: Any age and 35 years of Credited Service including at least 25 years of service in Connecticut.

If the member retires between July 1, 2004 and June 30, 2006: Any age and 34 years of Credited Service including at least 25 years of service in Connecticut.

If the member retires between July 1, 2006 and June 30, 2008: Any age and 33 years of Credited Service including at least 25 years of service in Connecticut.

If the member retires on or after July 1, 2008: Any age and 32 years of Credited Service including at least 25 years of service in Connecticut.

To determine the financial impact of this Proposal, we have used the census data as of June 30, 2000, the date of the most recent actuarial valuation of the System.

04/09/02 10:22

860 240 0052

04/09/02 TUE 10:29 FAX 860 241 9295  
04/09/2002 08:25 FAX

FISCAL ANALYSIS  
ADMINISTRATION

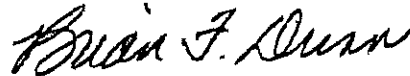
002/007

Mr. William Sudol  
Page 2

April 8, 2002

Please call me with any questions.

Sincerely,



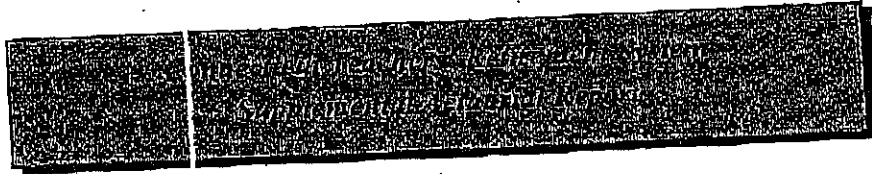
Brian F. Dunn, ASA, MAAA, EA

BFD:lr  
Enclosure

CC: Clare Barnett (Connecticut Teachers' Retirement Board)  
Mark Johnson (GRS)

04/09/02 TUE 10:30 FAX 860 241 9295  
04/09/2002 08:25 FAX

ADMINISTRATION



**Requested by:** William Sudol, Administrator, Connecticut Teachers' Retirement System  
**Date:** April 8, 2002  
**Submitted by:** Brian F. Dunn, ASA, MAAA, EA and Mark Johnson  
Gabriel, Roeder, Smith & Company

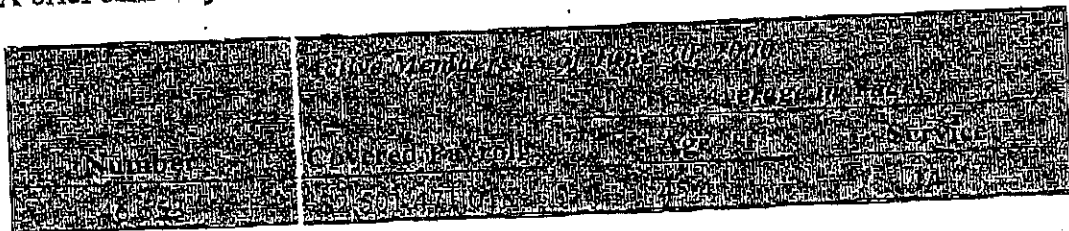
This report contains the results of the valuation of a proposed change to the normal retirement provisions of the Connecticut Teachers' Retirement System. The current actuarial assumptions do not adequately anticipate the change in teacher retirement patterns that would probably take place if this proposal were adopted. Therefore, valuation of the proposed change was prepared on the basis of the following set of actuarial assumptions:

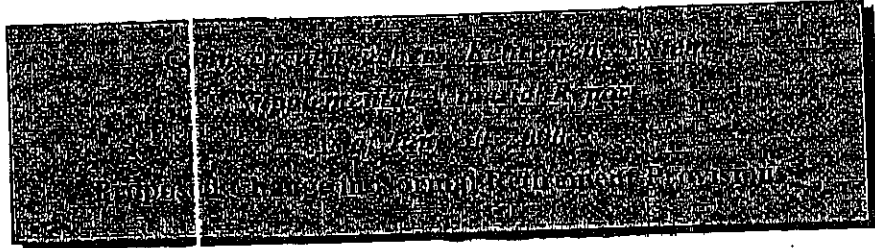
- The current assumptions adopted by the Board in 1996 with a modification to the normal retirement assumptions to anticipate the greater utilization that would likely result if the change were adopted.

The increase in unfunded actuarial accrued liability (UAAL) related to this proposal was amortized as a level percent of payroll over a 30 year period.

The date of the valuation was June 30, 2000. This means that the results of the supplemental valuation indicate what the June 30, 2000 valuation would have shown if the proposed changes had been in effect on that date. Supplemental valuations do not predict the result of future actuarial valuations. (Future activities can affect future valuation results in an unpredictable manner.) Rather, supplemental valuations give an indication of the probable effect of the proposed changes only on future valuations without comment on the complete end result of the future valuations.

The valuation was based upon the data submitted for the annual actuarial valuation as of June 30, 2000. A brief summary of the data is present below.





**PRESENT PLAN PROVISIONS:**

◆ **NORMAL RETIREMENT**

Eligibility: Age 60 and 20 years of Credited Service in Connecticut, or any age and 35 years of Credited Service including at least 25 years of service in Connecticut.

Benefit: 2% times years of Credited Service times Average Annual Salary (maximum is 75%).

**PROPOSED PLAN CHANGE:**

● **NORMAL RETIREMENT**

Eligibility: Age 60 and 20 years of Credited Service in Connecticut, or the following:

If the member retires before July 1, 2004: Any age and 35 years of Credited Service including at least 25 years of service in Connecticut.

If the member retires between July 1, 2004 and June 30, 2006: Any age and 34 years of Credited Service including at least 25 years of service in Connecticut.

If the member retires between July 1, 2006 and June 30, 2008: Any age and 33 years of Credited Service including at least 25 years of service in Connecticut.

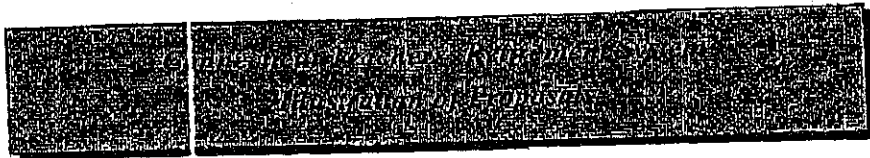
If the member retires on or after July 1, 2008: Any age and 32 years of Credited Service including at least 25 years of service in Connecticut.

Benefit: 2% times years of Credited Service times Average Annual Salary (maximum is 75%).

04/09/02 TUE 10:31 FAX 860 241 9295  
04/09/2002 08:27 FAX

ADMINISTRATION

006 006

*Exhibit A***ILLUSTRATION:**

Teacher was hired at age 23 and taught continuously in Connecticut ever since.



When she has completed 35 years of Credited Service, her accrued annual normal retirement benefit will be 70% (2% x 35 years of Credited Service) of her Average Annual Salary, payable at age 58.

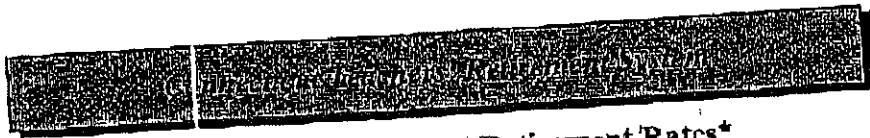


If she were eligible to retire and did so before July 1, 2004, and if at that time she has completed 35 years of service, her normal retirement benefit would be 70% (2% x 35 years) of her Average Annual Salary, payable at age 58.

If she were eligible to retire and did so between July 1, 2004 and June 30, 2006, she would need to have completed 34 years of service to receive an unreduced benefit. If she does, her normal retirement benefit would be 68% (2% x 34 years) of her Average Annual Salary, payable at age 57.

If she were eligible to retire and did so between July 1, 2006 and June 30, 2008, she would need to have completed 33 years of service to receive an unreduced benefit. If she does, her normal retirement benefit would be 66% (2% x 33 years) of her Average Annual Salary, payable at age 56.

If she were eligible to retire and did so on or after July 1, 2008, she would need to have completed 32 years of service to receive an unreduced benefit. If she does, her normal retirement benefit would be 64% (2% x 32 years) of her Average Annual Salary, payable at age 55.



Age	Current Retirement Rates*		
	Normal	Early	Proratable
45		1.0%	
46		1.0	
47		1.0	
48		1.0	
49		1.0	
50	**	2.0	
51	**	2.0	
52	**	3.0	
53	**	3.0	
54	**	4.0	
55	20.0%	5.0	
56	20.0	6.0	
57	20.0	7.0	
58	20.0	7.0	
59	20.0	7.0	
60	20.0		10.0%
61	20.0		10.0
62	20.0		10.0
63	20.0		10.0
64	20.0		10.0
65	30.0		10.0
66	30.0		10.0
67	30.0		10.0
68	30.0		10.0
69	30.0		10.0
70	50.0		100.0
71	50.0		100.0
72	50.0		100.0
73	50.0		100.0
74	50.0		100.0
75	100.0		100.0

\* Modified retirement rates apply only when a member's eligibility for normal retirement benefits is affected by the proposed change. The modified rate at a given age, up to but not including age 60, = the current rate + 10.0%.

\*\* Rate of 30.0% applies to members who qualify for normal retirement under the proposed change at these ages.

04/09/02 TUE 10:32 FAX 860 241 9295  
 04/09/2002 08:29 FAX



The probable effect on State contributions of the Proposal is as follows:

Proposal: Unreduced benefits after the earlier of age 60 and 20 years of service or any age with years of service according to the following table:

Increase in Computed State Contributions as a % of Member Payroll

Retirement Date	Years of Service	
Before 7/1/2004	35	
7/1/2004 - 6/30/2006	34	
7/1/2006 - 6/30/2008	33	
On or after 7/1/2008	32	
<hr/>		
Normal Cost		0.19%
Unfunded Actuarial Accrued Liability		<u>0.16</u>
Total		0.35%
Dollar Increase in Unfunded Actuarial Accrued Liability		\$ 77,816,877
Projected Teacher Payroll for 2001-02 Fiscal Year		\$2,757,872,000
Estimated Increase in State Contribution 2001-02 Fiscal Year		\$ 9,652,552