



***CONNECTICUT PROBATE JUDGES
& EMPLOYEES RETIREMENT SYSTEM***

***ACTUARIAL VALUATION
DECEMBER 31, 2007***

**CONNECTICUT PROBATE JUDGES
& EMPLOYEES RETIREMENT SYSTEM**

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June 1, 2008

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State of Connecticut
State Employees Retirement Commission
55 Elm Street
Hartford, CT 06105

Members of the Commission:

We are pleased to provide this actuarial report for the Connecticut Probate Judges & Employees Retirement System. The report shows the financial status as of December 31, 2007 and presents cost figures for the year beginning July 1, 2008.

The recommended Employer contribution for the fiscal year beginning July 1, 2008 is \$0. The development of the contribution can be found in Section IV.

An overview of the valuation can be found in the Executive Summary in Section I.

In our opinion, this report fairly presents the financial and actuarial position of the Connecticut Probate Judges & Employees Retirement System as of December 31, 2007, in accordance with generally accepted actuarial principles applied on a basis consistent with the prior valuation. We also certify that, to the best of our knowledge and belief, this report is both complete and accurate.

Respectfully submitted,

A handwritten signature in dark ink, reading "Althea Schwartz".

Althea A. Schwartz, F.S.A.
Consulting Actuary

AAS 10 CSP2007AutoVal

**CONNECTICUT PROBATE JUDGES
& EMPLOYEES RETIREMENT SYSTEM**

We have performed an actuarial valuation of the Connecticut Probate Judges & Employees Retirement System as of December 31, 2007 to determine the contributions for the Fiscal Year beginning July 1, 2008.

In preparing this report, we relied on employee census data and financial information as of the valuation date, furnished by the State of Connecticut. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have found them to be reasonably consistent and comparable with data used for other purposes. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete and 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.

The calculations reported herein have been made on a basis consistent with our understanding of the Connecticut General Statutes with guidance from the Retirement Commission. Additional determinations may be needed for purposes other than meeting funding requirements, such as judging benefit security at plan termination or meeting employer accounting requirements.

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 System. Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. Actual experience will not conform exactly to the assumptions made for this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience. We 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.

This report may not be used for purposes other than those listed above without Milliman's prior written consent. If this report is distributed to other parties, we request that it be copied in its entirety, including this section. We understand that the System 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 System notify Milliman as soon as possible.

MILLIMAN INC.


Althea A. Schwartz, FSA
Consulting Actuary

Joint Board Enrollment #08-4350

June 1, 2008



Rebecca A. Sielman, FSA
Consulting Actuary

Joint Board Enrollment #08-5063

**CONNECTICUT PROBATE JUDGES
& EMPLOYEES RETIREMENT SYSTEM**

**SECTION I
EXECUTIVE SUMMARY**

HIGHLIGHTS

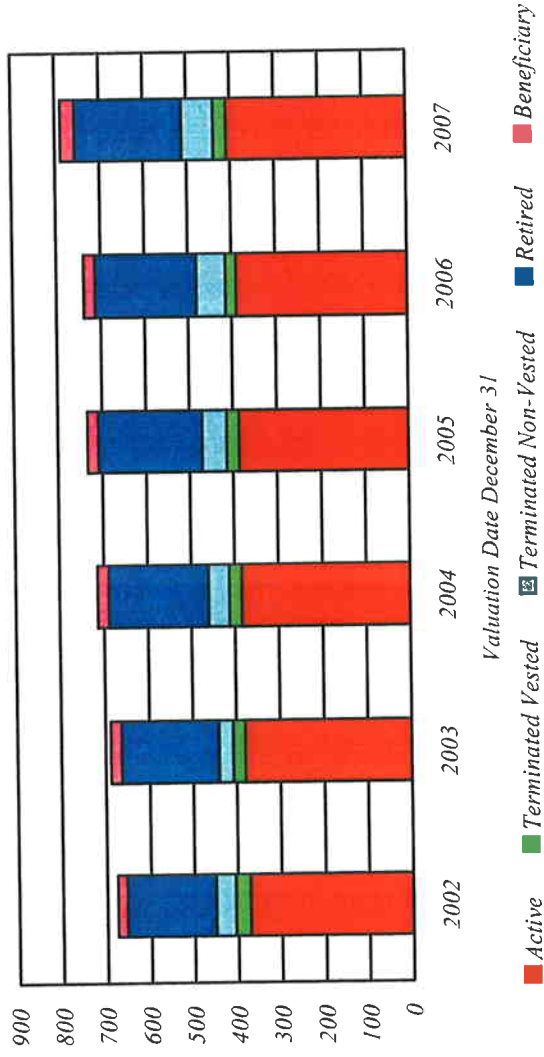
Participants

The membership data was provided as of December 31, 2007 and included actual compensation reported for calendar year 2007. We did not audit this data (nor the financial data); however, they appeared to be consistent with comparable data from the previous valuation, which was based on membership data as of December 31, 2006.

The active population increased from 389 to 409 participants. The active population now consists of 115 Judges and 294 Employees. The number of participants in pay status grew from 258 to 277, and the terminated vested population increased from 24 to 28. There are 74 members who terminated without vested rights who have not yet received a refund of their employee contributions with interest.

More details on the plan population can be found in Section VI.

Number of Plan Participants

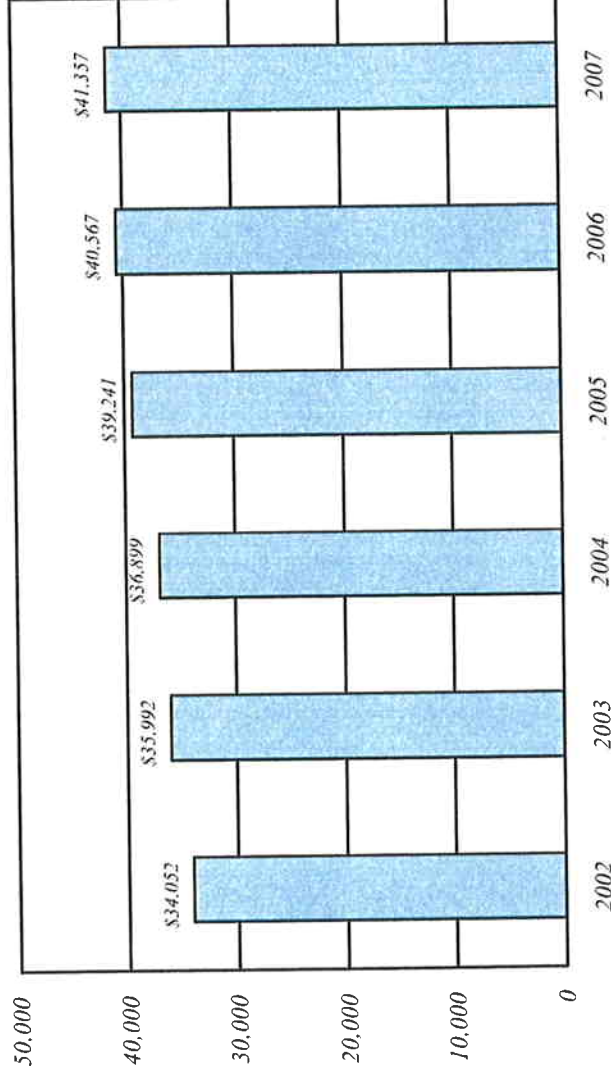


**CONNECTICUT PROBATE JUDGES
& EMPLOYEES RETIREMENT SYSTEM**

**SECTION I
EXECUTIVE SUMMARY**

HIGHLIGHTS

Average Compensation



Total payroll increased from \$15,780,754 as of December 31, 2006 to \$16,914,912 as of December 31, 2007. Average compensation increased from \$40,567 to \$41,357 over this period. This annualized increase of 1.9% is lower than our salary growth assumption of 6.0%. For members who were active in both valuations, average compensation increased by 4.8%.

**CONNECTICUT PROBATE JUDGES
& EMPLOYEES RETIREMENT SYSTEM**

**SECTION I
EXECUTIVE SUMMARY**

HIGHLIGHTS

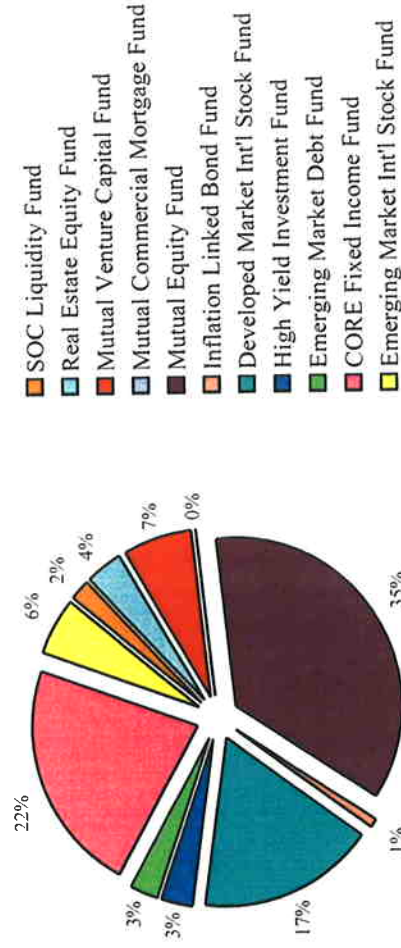
Assets

The performance of the fund in 2007 was modestly lower than our long-term expected return on assets. The Market Value of Assets as of December 31, 2007 was \$86,591,319 compared to \$83,310,301 as of December 31, 2006. The rate of return on a market value basis was 7.18% compared to 12.68% for the prior year. This rate assumes that the contributions and benefit payments were made on average half-way through the period.

As part of the valuation process, we smooth market fluctuations to determine the Actuarial Value of Assets. The Actuarial Value of Assets as of December 31, 2007 was \$86,325,073 compared to \$82,006,897 as of December 31, 2006. The rate of return on this basis was 8.59% compared to 8.93% for the prior year. This represents a small gain compared to the assumed rate of return of 8.5% for that period.

During 2007, the fund received \$294,646 in Member contributions. The fund was also used as a 'pass through' for Health Services Costs, with \$2,680,441 transferred in from the Probate Administration Fund and \$2,680,441 disbursed. As of December 31, 2007 there is an accrued Health Services Cost payable of \$0. See Section IIB for more details on these figures.

The plan held investments on December 31, 2007 as follows:



More details on the plan assets can be found in Section II.

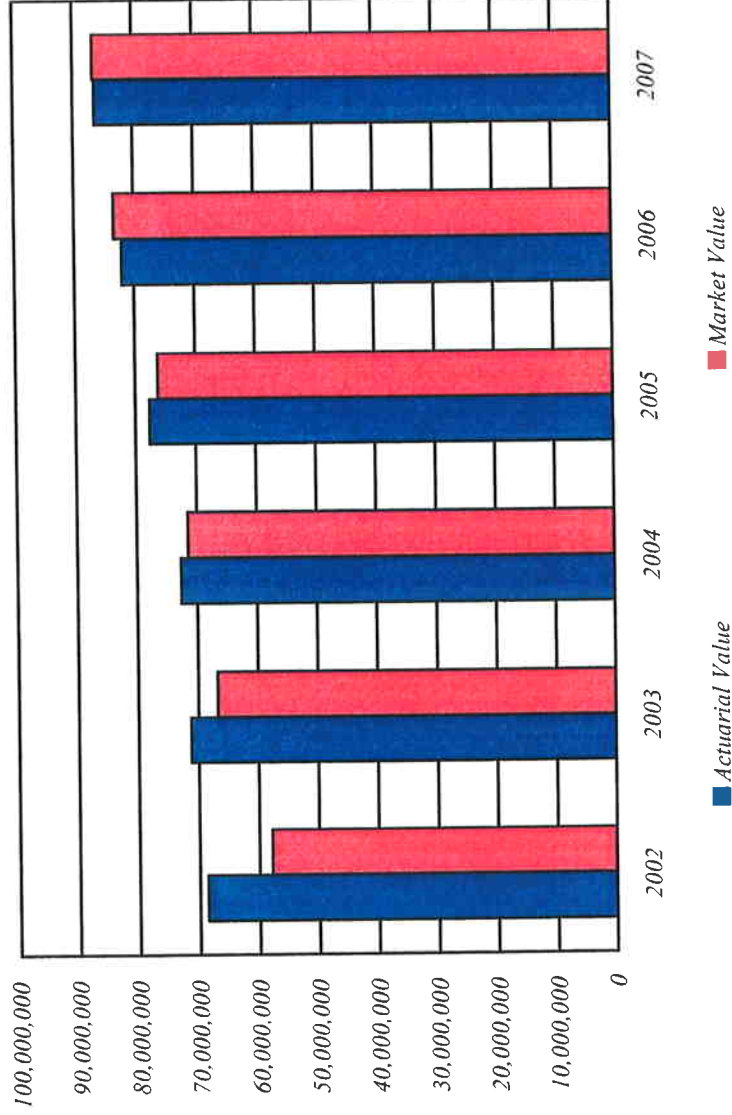
**CONNECTICUT PROBATE JUDGES
& EMPLOYEES RETIREMENT SYSTEM**

**SECTION I
EXECUTIVE SUMMARY**

HIGHLIGHTS

Historical information on the plan assets is shown below:

Plan Assets



Please note that the Actuarial Value currently is less than the Market Value by \$0.3 million. This figure represents investment gains that will be gradually recognized over the next five years. This process will exert downward pressure on the State's contribution, unless there are offsetting market losses.

**CONNECTICUT PROBATE JUDGES
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**SECTION I
EXECUTIVE SUMMARY**

HIGHLIGHTS

Contributions

The recommended Employer contribution for Fiscal Year 2008-2009 is \$0.

Changes in Actuarial Methods and Assumptions

We have modified the retirement assumption to reflect that active members have generally been retiring later than their normal retirement ages.

In concluding this executive summary, we present on the following page comparative statistics and actuarial information on both the December 31, 2006 and December 31, 2007 valuations.

**CONNECTICUT PROBATE JUDGES
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**SECTION I
EXECUTIVE SUMMARY**

PRINCIPAL RESULTS

	<i>As of December 31, 2006</i>	<i>As of December 31, 2007</i>
<u>Membership</u>		
Active Membership	389	409
Number of Members	\$15,780,754	\$16,914,912
Payroll	40,567	41,357
Average Pay		
Inactive Membership	24	28
Number of Terminated Vested Members	67	74
Number of Terminated Non-vested Members	258	277
Number of Retired Members & Beneficiaries	\$2,716,794	\$2,978,904
Annual Retired Members Benefits	\$10,530	\$10,754
Average Annual Retired Members Benefits		
<u>Assets and Liabilities</u>		
Assets		
Market Value	\$83,310,301	\$86,591,319
Actuarial Value	82,006,897	86,325,073
Liabilities (Present Value of Benefits)		
Active Members	\$54,863,911	\$54,476,157
Terminated Vested Members	1,777,735	2,239,853
Terminated Non-vested Members	54,326	54,027
Retired Members and Beneficiaries	<u>24,592,741</u>	<u>27,119,215</u>
Total Accrued Liability	81,288,713	83,889,252
<u>Employer Contribution</u>		
Total Employer Contribution	\$0	\$0

**CONNECTICUT PROBATE JUDGES
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**SECTION II
SYSTEM ASSETS**

A. Summary of Fund Transactions

Market Value as of January 1, 2007 \$83,310,301

Contributions	
State	\$0
Federal	0
Employee	294,646
Health Services Cost	2,680,441
	2,975,087

Investment Income	
Interest & Dividends	\$3,362,423
Change in Accrued Interest	(1,188)
Realized Gains	1,605,601
Change in Unrealized Gains	924,478
	5,891,314

Disbursements	
Benefit Payments	\$2,894,176
Member Refunds	10,766
Health Services Costs	2,680,441
Expenses	0
	5,585,383

Market Value as of December 31, 2007	
Pension Contribution Receivable for FY 07-08	0
Health Services Cost Receivable for FY 07-08 (See Section IIB)	0
	86,591,319

Adjusted Market Value as of December 31, 2007	
<i>Rate of Return as of December 31, 2007</i>	7.18%
<i>Rate of Return as of December 31, 2006</i>	12.68%
<i>Change in Rate of Return</i>	Down 5.50%

**CONNECTICUT PROBATE JUDGES
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**SECTION II
SYSTEM ASSETS**

B. Calculation of Health Services Cost Receivable/(Prepaid)

<u>Calendar Year</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Receivable/(Prepaid)</u>
1995	\$353,872.00	\$335,041.00	(\$18,831.00)
1996	0.00	364,622.36	364,622.36
1997	366,110.28	505,317.35	139,207.07
1998	1,156,897.56	594,734.16	(562,163.40)
1999	979,286.79	867,211.36	(112,075.43)
2000	991,409.16	990,398.20	(1,010.96)
2001	1,137,271.44	1,086,182.09	(51,089.35)
2002	1,369,410.96	1,286,269.67	(83,141.29)
2003	1,704,662.16	1,605,483.31	(99,178.85)
2004	0.00	1,920,675.00	1,920,675.00
2005	3,652,160.81	2,155,146.66	(1,497,014.15)
2006	2,342,959.48	2,342,959.48	0.00
2007	2,680,441.00	2,680,441.00	0.00
		<u>Total Receivable/(Prepaid)</u>	0.00

Pursuant to C.G.S. 45a-56, health insurance for retired Judges and Probate Court employees is provided through the State. Upon request of the Comptroller's office each year, the money for a given fiscal year to cover the cost of health insurance is transferred from the Probate Administration Fund to the Retirement Fund (the "receipts" shown above). Money is subsequently transferred out of the Retirement Fund (the "disbursements" shown above) to pay the insurance vendors.

For purposes of calculating the pension contribution, any accumulated receivable or prepaid health services monies is netted out of the Market Value of Assets.

**CONNECTICUT PROBATE JUDGES
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**SECTION II
SYSTEM ASSETS**

C. Breakdown of Investments

The following is the Market Value of the Retirement Fund assets as reported to us by the Retirement Division:

	<u>Amount</u>	<u>% of Total</u>
Cash	\$4,644.30	0.005%
<u>Investments</u>		
SOC Liquidity Fund	1,779,481.93	2.06%
Real Estate Equity Fund	3,053,650.71	3.53%
Mutual Venture Capital Fund	5,809,098.22	6.71%
Mutual Equity Fund	30,831,499.87	35.60%
Developed Market Int'l Stock Fund	14,787,068.36	17.08%
Emerging Market Debt Fund	2,389,422.63	2.76%
Emerging Market Int'l Stock Fund	4,882,043.73	5.64%
CORE Fixed Income Fund	19,422,582.05	22.42%
High Yield Investment Fund	2,656,346.63	3.07%
Inflation Linked Bond Fund	945,885.85	1.09%
Mutual Commercial Mortgage Fund	25,288.65	0.03%
Total Non-Cash Investments	<u>86,582,368.63</u>	99.99%
Accrued Interest	4,305.78	0.005%
Pension Contribution Receivable/(Prepaid)	0.00	0.00%
Health Services Cost Receivable/(Prepaid)	0.00	0.00%
Total Market Value of Assets as of December 31, 2007	86,591,318.71	100.00%