




Memorandum

**U.S. Department of
Transportation**
Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION:** Report on Actuarial Estimates for
Retired Pay and Medical Benefits, U.S. Coast Guard
FI-2003-014

Date: January 22, 2003

From: Alexis M. Stefani 
Principal Assistant Inspector General
for Auditing and Evaluation

Reply To

Attn Of: Meche:x61496

To: Chief of Staff
U.S. Coast Guard

This report provides the study results of the U.S. Coast Guard actuarial model for estimating liabilities for retired pay and medical benefits. The study was conducted by the Hay Group, under contract with the Office of Inspector General, as part of our audit of the Department of Transportation Fiscal Year (FY) 2002 Consolidated Financial Statements.

The principal objective of the study was to determine whether the methodology the Coast Guard contractor used to calculate liabilities and annual actuarial activity of the Coast Guard military retirement system was reasonable and reliable as of September 30, 2001. FY 2001 data are used because the data represented the most current full year of data for estimating the FY 2002 military retirement liabilities.

The Hay Group concluded liabilities and annual actuarial activity of the Coast Guard were reasonable and reliable as of September 30, 2001. The Coast Guard properly reported military retirement liabilities of \$29 billion as of September 30, 2002.

No response to this report is required. The study documents are voluminous and will be provided upon request.

We appreciate the assistance and cooperation of Coast Guard and contractor representatives. If you have questions, please call me at (202) 366-1992, or John Meche at (202) 366-1496.

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