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# *Office of Inspector General*

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*Actuarial Estimates for  
Retired Pay and Medical Benefits*

*U.S. Coast Guard*

*Report Number: FE-2000-041*

*Date Issued: February 3, 2000*





# 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  
FE-2000-041**

Date: February 3, 2000

From: John L. Meche  
Deputy Assistant Inspector General  
for Financial and Information Technology

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) 1999 Consolidated Financial Statements.

The principal objective of the study was to determine whether the methodology used by the Coast Guard contractor to calculate liabilities and annual actuarial activity of the Coast Guard military retirement system was reasonable and reliable as of September 30, 1998. FY 1998 data are used because the data represent the most current full year of financial data for estimating FY 1999 pension liabilities totaling \$20 billion.

## RESULTS

The Hay Group concluded liabilities and annual actuarial activity of the Coast Guard were reasonable and reliable as of September 30, 1998. The Hay Group did not identify any deficiencies, and made no recommendations. Therefore, no response to this report is required. The study documents are voluminous, and will be provided upon request.

We sincerely appreciate the assistance and cooperation of Coast Guard and contractor representatives. If you have questions, please call Robert Meisenhelder at (410) 962-3612 or me at (202) 366-1496.

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