
Office of Inspector General

*Actuarial Estimates for
Retired Pay and Medical Benefits*

Report Number: FE-1999-076

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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-1999-076

Date: March 24, 1999

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Economic, and Information Technology

Reply To

Attn Of: JA-20:x61496

To: Chief of Staff
U.S. Coast Guard

BACKGROUND AND OBJECTIVE

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) 1998 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, 1997. FY 1997 data is used because it represents the most current full year of financial data for estimating FY 1998 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, 1997. 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.

I sincerely appreciate the assistance and cooperation of Coast Guard and contractor representatives. If you have any questions, please call me or Michael Ralph at (202) 366-1496.