



House of Representatives

General Assembly

File No. 579

February Session, 2000

Substitute House Bill No. 5908

House of Representatives, April 12, 2000

The Committee on Appropriations reported through REP. DYSON of the 94th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

An Act Making Changes To Retirement Benefits Under The Teachers' Retirement System.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) Any retired member who (1) has attained the age
2 of sixty-five, (2) is not eligible for Medicare Part A, (3) is not receiving a
3 spousal subsidy, (4) has twenty-five years or more of full-time service,
4 and (5) is receiving a monthly benefit of less than fifteen hundred
5 dollars as of July 1, 2000, shall receive a subsidy equal to twice the
6 amount that would otherwise be payable on such member's behalf to
7 the board of education pursuant to section 10-183t of the general
8 statutes.

9 Sec. 2. (NEW) Any member who began receiving disability benefits
10 October 1, 1977, under the provisions of subsection (d) of section 10-
11 166 of the general statutes and who elected to receive benefits in
12 accordance with the former provisions of subsection (c) of section 10-
13 164-7 of the Regulations of Connecticut State Agencies in effect June

14 30, 1978, may elect to receive such benefits readjusted under the
15 provisions of subsection (b) or (c) of section 10-183j of the general
16 statutes, provided such member provides written notice of such
17 election to the Teachers' Retirement Board not later than ninety days
18 following January 1, 2001.

19 Sec. 3. This act shall take effect July 1, 2000.

APP Committee Vote: Yea 50 Nay 0 JFS

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Implements a Provision in the Budget, Minimal Cost

Affected Agencies: Teachers' Retirement Board

Municipal Impact: None

Explanation

State Impact:

The bill implements a provision in the budget related to providing certain qualified retirees with an additional monthly health insurance supplement. It is estimated that approximately 250 retirees will qualify under the bill at an annual cost of approximately \$330,000. Both the House and Senate version of the Appropriations Act contain funding for this provision.

The bill also allows a retired teacher receiving disability retirement benefits under former provision to elect a co-participant option. The cost associated with this change is anticipated to be minimal due to the actuarial reduction to a member's benefit when the Plan D co-participant option is taken.

OFA Bill Analysis

sHB 5908

AN ACT MAKING CHANGES TO RETIREMENT BENEFITS UNDER THE TEACHERS' RETIREMENT SYSTEM.**SUMMARY:**

The bill implements a provision in the budget by making certain retired teachers eligible for an additional \$110 per month subsidy which is paid on the members behalf to the local board of education to subsidize health insurance costs. In order to qualify for the additional subsidy a retired member must (1) have attained the age of 65, (2) not be eligible for Medicare A, (3) not be receiving a spousal subsidy, (4) have 25 years or more of full-time service and (5) be receiving a monthly benefit of less than \$1,500 as of July 1, 2000.

The bill also permits any member, who began receiving disability benefits October 1, 1977 under former provisions, to elect to receive benefits readjusted for a co-participant option.

EFFECTIVE DATE: July 1, 2000

BACKGROUND***Retired Teachers' Health Insurance Benefits***

Retired members and spouses are eligible for subsidized health benefits that are funded in part from active teacher 1% Supplemental Contributions and state appropriations. The Teachers' Retirement System currently offers a Medicare Supplement Plan for members and/or spouses enrolled in Medicare Part A (Hospital Insurance). Members and/or spouses not eligible for Medicare Part A, may choose

to remain with the local school district plan and purchase the same health benefits that are available to active teachers. To offset this cost, the Teachers' Retirement System currently pays \$110 monthly toward the cost of individual coverage and \$220 monthly if the spouse is also covered.

Retirement Benefit Payment Plan Options

Pension income is payable on a monthly basis for the lifetime of the member. When a member files for retirement he/she is required to select a payment option that will determine the benefit (if any) that will go to the beneficiary upon the member's death.

Plan N (partial Refund Option)

This plan provides the largest benefit. In the event of the member's death, the designated beneficiary would receive a lump sum payment of the member's contributions plus interest to the date of retirement, less twenty-five percent of the total payments received to the date of death.

Plan C (Period Certain and Continuous)

This plan provides for a reduced benefit during the member's lifetime with a certain number of payments guaranteed. The options are 5, 10, 15, 20, and 25 years. If the member should die before the period certain expires, the remaining payments will be paid to the designated beneficiary.

Plan D (Co-Participant Option)

This plan provides for a reduced benefit to the member with the guarantee that upon the member's death, the named co-participant will receive a selected portion of the member's retirement benefit for life. The options are 100%, 75%, 66.6%, 50% and 33.3%. The benefit amount is based upon the age of the member and the co-participant and the plan selected.

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 50 Nay 0