



Senate

General Assembly

File No. 549

February Session, 2000

Substitute Senate Bill No. 619

Senate, April 12, 2000

The Committee on Appropriations reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

An Act Eliminating The Financial Penalty For Teachers Who Retire With Thirty-Four Or More Years Of Service Or Thirty-Three Or More Years Of Service.

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

1 Subsection (a) of section 10-183f of the general statutes is repealed
2 and the following is substituted in lieu thereof:

3 (a) A member is eligible to receive a normal retirement benefit who
4 (1) has attained age sixty and has accumulated twenty years of
5 credited service in the public schools of Connecticut or (2) has attained
6 any age and has accumulated (A) as of June 30, 2002, thirty-five years
7 of credited service, at least twenty-five of which are service in the
8 public schools of Connecticut, (B) as of July 1, 2002, to June 30, 2003,
9 inclusive, thirty-four years of credited service, at least twenty-five of
10 which are service in the public schools of Connecticut, or (C) on and
11 after July 1, 2003, thirty-three years of credited service, at least twenty-
12 five years of which are service in the public schools of Connecticut.

Statement of Legislative Commissioners:

In subparagraphs (A) and (B), the phrase "at least twenty-five of which are service in the public schools of Connecticut" was added for clarity.

APP Committee Vote: Yea 46 Nay 3 JFS-LCO

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: Future Significant Cost

Affected Agencies: Teachers' Retirement Board

Municipal Impact: Future Potential Savings

Explanation

State Impact:

The bill reduces the number of years needed for a normal retirement benefit under the Teachers' Retirement System from 35 years to 34 years in FY 02 and to 33 years in FY 03. According to the system's actuary this will increase the state's contribution to the Teachers' Retirement System by \$9.3 million in FY 02 and \$18.6 million in FY 03. The reduction in years of service for normal retirement will increase the unfunded actuarial liability of the Teachers' Retirement System by \$222.9 million. Based on the June 30, 1998 valuation, the system had assets of \$7.7 billion, liabilities of \$10.9 billion and an unfunded liability of \$3.2 billion.

Since lowering the years of service is expected to increase the number of retirees, there would be an increased cost to the state funded retired teachers' health insurance account and the Retired Teachers' Health Insurance Fund. Based upon current rates, an additional 500 retirees would increase the total annual cost of retiree health insurance by approximately \$660,000.

Municipal Impact:

The reduction in years of service for normal retirement in the Teachers' Retirement System is anticipated to result in increased retirements. Since municipalities bear none of the costs associated with the retirement system, they will experience all of the savings associated with the salary differential between the retiring teachers and the newly hired teachers.

OFA Bill Analysis

sSB 619

AN ACT ELIMINATING THE FINANCIAL PENALTY FOR TEACHERS WHO RETIRE WITH THIRTY-FOUR OR MORE YEARS OF SERVICE OR THIRTY-THREE OR MORE YEARS OF SERVICE.

SUMMARY:

The bill reduces the number of years of service needed for a normal retirement benefit from thirty-five years to thirty-four years on 7/1/02 and to thirty-three years on 7/1/03.

EFFECTIVE DATE: October 1, 2000

TEACHERS' RETIREMENT SYSTEM

Normal Retirement

Current law allows a teacher to receive a normal retirement benefit if they have (1) attained age 60 and have 20 years of credited service in Connecticut's public Schools, or (2) are any age and have accumulated 35 years of credited service, of which, at least 25 were in Connecticut's public schools. Under the bill, the required number of years of credited service for normal retirement is reduced from 35 years to 33 years by July 1, 2003.

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute
Yea 46 Nay 3

