



House of Representatives

File No. 780

General Assembly

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(Reprint of File No. 702)

Substitute House Bill No. 6696
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 29, 2003

**AN ACT CONCERNING THE REEMPLOYMENT OF RETIRED
TEACHERS, THE PURCHASE OF ADDITIONAL CREDITED SERVICE
IN THE TEACHERS' RETIREMENT SYSTEM, THE EXCESS EARNINGS
ACCOUNT, CREDIT FOR SERVICE WITH CERTAIN BARGAINING
ORGANIZATIONS, AND PAYMENT FOR ADDITIONAL CREDITED
SERVICE PURCHASED BY BOARDS OF EDUCATION, AND MAKING
CHANGES TO THE TEACHERS' RETIREMENT SYSTEM.**

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

1 Section 1. Section 10-183v of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2003*):

3 (a) Except as provided in subsection (b) of this section, a former
4 teacher receiving retirement benefits from the system may not be
5 employed in a teaching position receiving compensation paid out of
6 public money appropriated for school purposes except that such
7 former teacher may be employed temporarily in such a position and
8 receive no more than forty-five per cent of the [entry-level salary]
9 maximum salary level for the assigned [subject area for such
10 compensation] position. Any former teacher who receives in excess of
11 such amount shall reimburse the board for the amount of such excess.

12 Temporary employment means employment for less than a school
13 year. Notice of such employment shall be sent [monthly] semi-
14 annually on January thirty-first and June thirtieth to the board by the
15 employing officials and by the retired teacher at the end of each
16 assignment.

17 (b) A former teacher receiving retirement benefits from the system
18 may be reemployed by a local board of education or by any constituent
19 unit of the state system of higher education [if such employment is
20 authorized by the Teachers' Retirement Board upon certification to
21 such board that such reemployment is in the best interests of the local
22 or regional school system. Such certification shall be made by the local
23 or regional board of education, if the employer is to be a local or
24 regional board of education, or the Board of Governors of Higher
25 Education, if the employer is to be a constituent unit of the state
26 system of higher education] in a position designated by the
27 Commissioner of Education as a subject shortage area for the school
28 year in which the former teacher is being employed. Such employment
29 may be for up to one full school year but may, with prior approval by
30 the board, be extended for an additional school year. Such request for
31 approval shall be made in writing to the Teachers' Retirement Board
32 prior to the reemployment of such former teacher and shall include a
33 statement indicating the type of assignment to be performed, the
34 anticipated date of rehire and the expected duration of the assignment.

35 (c) The employment of a former teacher under subsection (b) of this
36 section shall not be considered as service qualifying for continuing
37 contract status under section 10-151 and the salary of such teacher shall
38 be fixed at an amount at least equal to that paid other teachers in the
39 same school system with similar training and experience for the same
40 type of service. Upon approval by the board of such employment, such
41 former teacher shall be eligible for the same health insurance benefits
42 provided to active teachers employed by such school system. No
43 benefits shall be paid under section 10-183t, as amended by this act,
44 while such former teacher is employed by such system.

45 (d) No person shall be entitled to survivor's benefits under
46 subsection (f) of section 10-183f as a result of reemployment under this
47 section.

48 [(e) Retirement benefits to a former teacher reemployed under
49 subsection (b) of this section shall terminate on the first day of the
50 month of such reemployment. Retirement benefits shall resume on the
51 first day of the month after reemployment ceases.]

52 [(f)] (e) The same option plan of retirement benefits in effect prior to
53 reemployment shall continue for a reemployed teacher during
54 reemployment. [and upon subsequent retirement.]

55 [(g) Any former teacher reemployed under subsection (b) of this
56 section may elect upon completion of not less than six months
57 continuous service to make contributions to the system from such date.
58 The employer of such electing reemployed teacher shall thereafter treat
59 such teacher with respect to the system in the same manner as any
60 other member of the system except that such employer shall deduct
61 only six-sevenths of the amount that would be deducted from the
62 salaries of other members.

63 (h) Any reemployed teacher electing to make contributions to the
64 system under subsection (g) of this section may also elect to obtain
65 retirement credit for service during the period from the beginning of
66 reemployment to the date of such election by contributing to the
67 system within six months of the date on which such teacher makes
68 such election under said subsection (g), six per cent of the salary paid
69 such teacher during such period together with credited interest from
70 the time such salary was paid until such contribution is made to the
71 system.

72 (i) Upon the subsequent retirement of an electing reemployed
73 teacher, the retirement benefits payable to such retired teacher shall be
74 increased by triple the amount that would be payable based solely
75 upon contributions of such teacher made during the period of
76 reemployment plus credited interest thereon.]

77 (f) The provisions of this section in effect on June 30, 2003, revision
78 of 1958, revised to January 1, 2003, shall be applicable to any person
79 making contributions to the Teachers' Retirement System on June 30,
80 2003, in accordance with said provisions.

81 Sec. 2. Subsection (c) of section 10-183e of the general statutes is
82 repealed and the following is substituted in lieu thereof (*Effective*
83 *October 1, 2004*):

84 (c) Additional credited service must be purchased by a member (1)
85 [at] prior to the time of retirement, [or] (2) at the time a surviving
86 spouse elects benefits under the provisions of subsection (d) of section
87 10-183h, or (3) at the time benefits commence [under an optional
88 payment form pursuant to section 10-183j. Any purchase of service
89 shall be accomplished by the member paying to the board an amount
90 equal to one-half of the actuarial present value, determined according
91 to actuarial tables adopted by the board, of the difference between the
92 retirement benefit which the member is entitled to receive based upon
93 his or her service apart from such purchased service and the benefit
94 which he or she is entitled to receive including such service] as
95 provided under sections 10-183g, as amended by this act, and 10-183jj,
96 as amended by this act. Any purchase of such service shall be
97 accomplished by the member paying to the board an amount
98 determined on the basis of actuarial factors adopted by the board
99 which reflect the present value of one-half of the full actuarial cost of
100 the benefit increase that will be derived by the purchase of such
101 service. Such factors shall consider the member's age at the time of
102 purchase, actual or projected salary, and the earliest date on which the
103 member would be eligible for a normal retirement allowance.
104 Payments for additional credited service may be made in a lump sum
105 by transfer of funds from the member's accumulated one per cent
106 contributions withheld prior to July 1, 1989, with credited interest and
107 accumulated voluntary contributions with credited interest plus such
108 other amounts as may be required to complete the purchase.

109 Sec. 3. Subsection (m) of section 10-183g of the general statutes is

110 repealed and the following is substituted in lieu thereof (*Effective July*
111 *1, 2003*):

112 (m) If the plan actuaries have certified in accordance with
113 subsection (n) of this section that the amount of the [excess earnings
114 account] cost of living adjustment reserve account which is available
115 for payment of a cost of living allowance is insufficient to fund the full
116 amount determined under subsection (l) of this section, each person
117 eligible for an annual cost of living allowance under said subsection (l)
118 shall be eligible for a cost of living allowance reduced proportionately
119 to a percentage that is actuarially supported by the amount so
120 certified, in lieu of the cost of living allowance provided under said
121 subsection (l), provided no cost of living allowance shall exceed six per
122 cent and provided further, if the total return earned by the trustees on
123 the market value of the pension assets for the preceding fiscal year is
124 less than eight and one-half per cent, any cost of living allowance
125 granted shall not exceed one and one-half per cent.

126 Sec. 4. Subsection (n) of section 10-183g of the general statutes is
127 repealed and the following is substituted in lieu thereof (*Effective July*
128 *1, 2003*):

129 (n) To administer cost of living allowances provided under
130 subsections (l) and (m) of this section, there is established the [excess
131 earnings account] cost of living adjustment reserve account which shall
132 be a separate account established within the Teachers' Retirement
133 Fund. For the calendar year commencing January 1, 1995, and each
134 subsequent calendar year, the [excess earnings account] cost of living
135 adjustment reserve account shall be credited by an amount equal to
136 that portion of the total return earned by the trustees on the market
137 value of the pension assets for the preceding fiscal year which is a total
138 return in excess of eleven and one-half per cent. The [excess earnings
139 account] cost of living adjustment reserve account shall be reduced
140 each year by the actuarial value of any cost of living allowance
141 awarded. On May first, annually, the plan actuaries shall determine
142 how much of the [excess earnings account] cost of living adjustment

143 reserve account balance is available for payment of a cost of living
144 adjustment determined in accordance with the provisions of this
145 section and shall certify their determination to the trustees of the
146 Teachers' Retirement Fund. If the plan actuaries determine that there
147 are no funds available in the [excess earnings account] cost of living
148 adjustment reserve account for the payment of a cost of living
149 allowance, no cost of living allowance shall be paid.

150 Sec. 5. Section 10-183c of the general statutes is repealed and the
151 following is substituted in lieu thereof (*Effective October 1, 2003*):

152 The Connecticut teachers' retirement system is established to
153 provide retirement and other benefits for teachers, their survivors and
154 beneficiaries. On or after a member vests in the system by becoming
155 eligible to receive a retirement benefit pursuant to section 10-183f, or
156 accumulates ten years of credited service in the system, as defined in
157 subsection (a) of section 10-183, whichever is later, the member's
158 benefit under sections 10-183e, 10-183f, 10-183g, 10-183h and 10-183aa
159 is contractual in nature and no public or special act of the General
160 Assembly shall diminish such benefit, provided this section shall apply
161 only to an active member who is vested on October 1, 2003, or to a
162 member who vests or accumulates ten years of credited service on or
163 after October 1, 2003, and shall apply to the member's benefit in
164 existence on October 1, 2003, or to the member's benefit in existence
165 on the date the member vests or accumulates ten years of credited
166 service, respectively, whichever is later. Nothing in this section shall
167 affect the provisions of section 10-183t, as amended by this act, or 10-
168 183z. On or after October 1, 2003, any public or special act enhancing
169 the benefits of the system shall be subject to the provisions of this
170 section.

171 Sec. 6. Subsection (e) of section 10-183jj of the general statutes is
172 repealed and the following is substituted in lieu thereof (*Effective from*
173 *passage*):

174 (e) For each year of additional credited service purchased pursuant

175 to this section, the local or regional board of education shall pay an
176 amount specified by the Teachers' Retirement Board equal to the
177 actuarial present value, determined according to actuarial tables
178 adopted by the Teachers' Retirement Board, of the difference between
179 the retirement benefit which the member is entitled to receive based
180 upon [his or her] the member's service apart from such purchased
181 service and the benefit which [he or she] the member is entitled to
182 receive including such service. Payment for such service may be made
183 in equal annual installment payments, including interest, not
184 exceeding three times the number of years being purchased. Payments
185 shall be made in accordance with subsection (b) of section 10-183n and
186 rules adopted by the Teachers' Retirement Board. Any late payments
187 or outstanding obligations from a prior year's purchase or from late
188 payment of monthly mandatory deductions shall be included as part
189 of the cost of purchasing such service. When a board of education
190 purchases additional credited service for a member pursuant to this
191 section, the Teachers' Retirement Board shall notify the member in
192 writing. Any additional credited service purchased for any such
193 member shall be in addition to any credited service purchased
194 pursuant to section 10-183e, as amended by this act.

195 Sec. 7. Section 10-183b of the general statutes is repealed and the
196 following is substituted in lieu thereof (*Effective July 1, 2003*):

197 As used in this chapter, unless the context otherwise requires:

198 (1) "Actuarial reserve basis" means a basis under which the
199 liabilities of the retirement system are determined under acceptable
200 actuarial methods and under which assets are accumulated under a
201 program designed to achieve a proper balance between the
202 accumulated assets and the liabilities of the system.

203 (2) "Amortization of unfunded liabilities" means a systematic
204 program of annual payments determined as a level per cent of
205 expected member annual salaries in lieu of a lump sum payment.

206 (3) "Annual salary" means the annual salary rate for service as a

207 Connecticut teacher during a school year but not including unused
208 sick leave, unused vacation, terminal pay, coaching or extra duty
209 assignments, unless compensation for coaching or extra duty
210 assignment was included in salary for which contributions were made
211 prior to July 1, 1971. In no event shall annual salary include amounts
212 determined by the board to be included for the purpose of inflating the
213 member's average annual salary. The inclusion in annual salary of
214 amounts paid to the member, in lieu of payment by the employer for
215 the cost of benefits, insurance, or individual retirement arrangements
216 which in prior years had been paid by the employer and not included
217 in the member's annual salary, shall be prima facie evidence that such
218 amounts are included for the purpose of inflating the member's
219 average annual salary. Annual salary shall not include payments the
220 timing of which may be directed by the member. Annual salary shall
221 not include payments to a superintendent pursuant to an individual
222 contract between such superintendent and a board of education, of
223 amounts which are not included in base salary. Annual salary shall
224 include amounts paid to the member during a sabbatical leave during
225 which mandatory contributions were remitted, provided such member
226 returned to full-time teaching for at least five full years following the
227 completion of such leave.

228 (4) "Average annual salary" means the average annual salary
229 received during the three years of highest salary.

230 (5) "Board" means the Teachers' Retirement Board.

231 (6) "Child" means a natural child, an adopted child, or a stepchild of
232 a deceased member who has been a stepchild for at least one year
233 immediately prior to the date on which the member died. A child is a
234 "dependent child" of a deceased member if at the time of the member's
235 death (A) the member was living with the child or providing or
236 obligated to provide, by agreement or court order, a reasonable
237 portion of the support of the child, and (B) the child (i) is unmarried
238 and has not attained age eighteen, or (ii) is disabled and such disability
239 began prior to the child attaining age eighteen.

240 (7) "Contributions" mean amounts withheld pursuant to this chapter
241 and paid to the board by an employer from compensation payable to a
242 member. ["Mandatory contributions"] Prior to July 1, 1989, "mandatory
243 contributions" are contributions required to be withheld under this
244 chapter and consist of five per cent regular contributions and "one per
245 cent contributions". From July 1, 1989, to June 30, 1992, "mandatory
246 contributions" are contributions required to be withheld under this
247 chapter and consist of five per cent regular contributions and one per
248 cent health contributions. From July 1, 1992, to June 30, 2004,
249 "mandatory contributions" are contributions required to be withheld
250 under this chapter and consist of ["six per cent contributions" and "one
251 per cent contributions"] six per cent "regular contributions" and one
252 per cent health contributions. On or after July 1, 2004, "mandatory
253 contributions" are contributions required to be withheld under this
254 chapter and consist of six per cent regular contributions and one and
255 one-fourth per cent health contributions. "Voluntary contributions" are
256 contributions by a member authorized to be withheld under section
257 10-183i.

258 (8) "Credited interest" means interest at the rate from time to time
259 fixed by the board which shall be substantially that earned by the
260 funds of the system. Such interest shall be applied to a member's
261 account based on the balance as of the previous June thirtieth. Credited
262 interest shall be assessed on any mandatory contributions which were
263 due but not remitted prior to the close of the school year for which
264 salary was paid.

265 (9) "Current service" means service rendered in the current fiscal
266 year.

267 (10) "Dependent former spouse" means a former spouse of a
268 deceased member who (A) has in his or her care a dependent child of
269 the deceased member; and (B) was receiving, or was entitled to receive,
270 from the deceased member at the time of the death of the deceased
271 member, at least one-half of his or her support; and (C) has not
272 remarried; and (D) is the parent of the child or adopted the child while

273 married to the member and before the child attained age eighteen or,
274 while married to the member, both of them adopted the child before
275 the child attained age eighteen.

276 (11) "Dependent parent" means a parent of a deceased member who
277 (A) has reached the age of sixty-five; and (B) has not married after the
278 death of the member; and (C) was receiving at least one-half of his or
279 her support from the member at the time of the member's death and
280 files proof of such support within two years of the date of the
281 member's death; and (D) is not receiving, or entitled to a federal or
282 state old age benefit based on the parent's own earnings, equal to or
283 greater than the amount the parent would be entitled to as a
284 dependent parent under this chapter. A "parent of a deceased member"
285 is [(A)] (i) the mother or father of a deceased member; or [(B)] (ii) a
286 stepparent of a deceased member by a marriage entered into before the
287 member attained age sixteen; or [(C)] (iii) an adopting parent of a
288 deceased member who adopted the deceased member before the
289 member attained age sixteen.

290 (12) "Designated beneficiary" means a person designated on a form
291 prescribed by the board by a member to receive amounts which
292 become payable under this chapter as the result of the member's death
293 whether before or after retirement. If a designated beneficiary is not
294 living at the time of the death of a member, the amounts that would
295 have been payable to the designated beneficiary shall be paid to the
296 member's estate.

297 (13) "Disabled" means inability to engage in any substantial gainful
298 activity by reason of any medically determinable physical or mental
299 impairment which can be expected to result in death or to be of long-
300 continued and indefinite duration, except that during the first twenty-
301 four months that a member is receiving a disability allowance,
302 "disabled" means the inability to perform the usual duties of his
303 occupation by reason of any such impairment.

304 (14) "Employer" means an elected school committee, a board of

305 education, the State Board of Education, the board of governors or any
306 of its constituent units, the governing body of the Children's Center,
307 the E. O. Smith School and any other activity, institution or school
308 employing members.

309 (15) "Formal leave of absence" means any absence from active
310 service in the public schools of Connecticut formally granted by a
311 member's employer as evidenced by contemporary records of the
312 employer, provided in the case of an absence due to illness, medical or
313 other evidence of such illness may, at the discretion of the Teachers'
314 Retirement Board, be accepted in lieu of evidence of the formal
315 granting of a leave.

316 (16) "Formal application of retirement" means the member's
317 application, birth certificate or notarized statement supported by other
318 evidence satisfactory to the board, in lieu thereof, records of service
319 when required by the board to determine a salary rate or years of
320 creditable service, statement of payment plan and, in the case of an
321 application for a disability benefit, a physician's statement of health.

322 (17) "Funding" means the accumulation of assets in advance of the
323 payment of retirement allowances in accordance with a definite
324 actuarial program.

325 (18) "Member" means any Connecticut teacher employed for an
326 average of at least one-half of each school day, except that no teacher
327 who under any provision of the general statutes elects not to
328 participate in the system shall be a member unless and until the
329 teacher elects to participate in the system. Members teaching in a
330 nonpublic school classified as a public school by the board under the
331 provisions of this section may continue as members as long as they
332 continue as teachers in such school even if the school ceases to be so
333 classified. A former teacher who has not withdrawn his or her
334 accumulated contributions shall be an "inactive member". A member
335 who, during the period of a formal leave of absence granted by his or
336 her employer, but not exceeding an aggregate of ten school months,

337 continues to make mandatory contributions to the board, retains his or
338 her status as an active member.

339 (19) "Normal cost" means the amount of contribution which the
340 state is required to make into the retirement fund in order to meet the
341 actuarial cost of current service.

342 (20) "Public school" means any day school conducted within or
343 without this state under the orders and superintendence of a duly
344 elected school committee, a board of education, the State Board of
345 Education, the board of governors or any of its constituent units, the E.
346 O. Smith School, the Children's Center, joint activities of boards of
347 education authorized by subsection (b) of section 10-158a and any
348 institution supported by the state at which teachers are employed or
349 any incorporated secondary school not under the orders and
350 superintendence of a duly elected school committee or board of
351 education but located in a town not maintaining a high school and
352 providing free tuition to pupils of the town in which it is located, and
353 which has been approved by the State Board of Education under the
354 provisions of part II of chapter 164, provided that such institution or
355 such secondary school is classified as a public school by the retirement
356 board.

357 (21) "Retirement allowance" means payments for life derived from
358 member contributions, including credited interest, and contributions
359 from the state.

360 (22) "School year" means the twelve months ending on June thirtieth
361 of each year.

362 (23) "Surviving spouse" means a widow or widower of a deceased
363 member who (A) was living with the member at the time of the
364 member's death, or receiving, or entitled by court order or agreement
365 to receive, regular support payments from the member, and (B) has not
366 remarried.

367 (24) "Survivors" means a surviving spouse, a dependent former

368 spouse, a dependent child and a dependent parent.

369 (25) "System" means the Connecticut teachers' retirement system.

370 (26) "Teacher" means [(1)] (A) any teacher, permanent substitute
371 teacher, principal, assistant principal, supervisor, assistant
372 superintendent or superintendent employed by the public schools in a
373 professional capacity while possessing a certificate or permit issued by
374 the State Board of Education, provided on and after July 1, 1975, such
375 certificate shall be for the position in which the person is then
376 employed, [(2)] (B) certified personnel who provide health and welfare
377 services for children in nonprofit schools, as provided in section 10-
378 217a, under an oral or written agreement, [(3)] (C) any person who is
379 engaged in teaching or supervising schools for adults if the annual
380 salary paid for such service is equal to or greater than the minimum
381 salary paid for a regular, full-time teaching position in the day schools
382 in the town where such service is rendered, and [(4)] (D) a member of
383 the professional staff of the State Board of Education or of the Board of
384 Governors of Higher Education or any of its constituent units. A
385 "permanent substitute teacher" is one who serves as such for at least
386 ten months during any school year.

387 (27) "Unfunded liability" means the actuarially determined value of
388 the liability for service before the date of the actuarial valuation less
389 the accumulated assets in the retirement fund.

390 Sec. 8. Section 10-183g of the general statutes is repealed and the
391 following is substituted in lieu thereof (*Effective July 1, 2003*):

392 (a) The normal retirement benefit shall be two per cent times the
393 number of years of full-time credited service and a proportional
394 fraction of two per cent times the number of years of credited service at
395 less than full-time multiplied by average annual salary. In no event,
396 however, shall such benefit exceed seventy-five per cent of such salary
397 or the limits mandated by Section 415 of the Internal Revenue Code, or
398 be less than three thousand six hundred dollars.

399 (b) The prorable retirement benefit shall be computed as follows:
 400 Average annual salary multiplied by (1) number of years of credited
 401 service, excluding all additional credited service, except service
 402 described in subdivisions (3), (8) and (10) of subsection (b) of section
 403 10-183e, multiplied by the applicable percentage based on age and
 404 service as determined from the table below, and (2) number of years of
 405 all additional credited service not used in subdivision (1) of this
 406 subsection multiplied by one per cent.

T1 TABLE
 T2 AGE OF RETIREMENT
 T3 Years Of
 T4 Connecticut
 T5 Service 60 61 62 63 64 65 66 67 68 69 70
 T6 10 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0
 T7 11 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1
 T8 12 1.2 1.2 1.2 1.2 1.2 1.2 1.2 1.2 1.2 1.2 1.2
 T9 13 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3
 T10 14 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4
 T11 15 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5
 T12 16 1.6 1.6 1.6 1.6 1.6 1.6 1.6 1.6 1.6 1.6 1.6
 T13 17 1.7 1.7 1.7 1.7 1.7 1.7 1.7 1.7 1.7 1.7 1.7
 T14 18 1.8 1.8 1.8 1.8 1.8 1.8 1.8 1.8 1.8 1.8 1.8
 T15 19 1.9 1.9 1.9 1.9 1.9 1.9 1.9 1.9 1.9 1.9 1.9
 T16 20 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2.0

407 (c) The early retirement benefit shall be computed in the same
 408 manner as the normal retirement benefit, then actuarially reduced, on
 409 the basis of early retirement tables adopted from time to time by the
 410 board, for each month early retirement precedes the minimum age at
 411 which the member could have retired with a normal retirement
 412 benefit. Such minimum age shall be such member's actual age at

413 retirement plus the lesser of (1) the difference between such age and
414 age sixty, or (2) the difference between thirty-five years and the sum of
415 such member's years of Connecticut public school service plus all
416 purchased leaves of absence, military and out-of-state public school
417 service. On and after July 1, 1999, any revisions to the early retirement
418 tables shall be submitted to the Office of Policy and Management and
419 the joint standing committee of the General Assembly having
420 cognizance of matters relating to appropriations and the budgets of
421 state agencies within one month of their adoption by the board. Any
422 such revisions shall be accompanied by an actuarial certification of the
423 costs associated with such revisions.

424 (d) The deferred vested retirement benefit shall be computed as
425 follows: Average annual salary multiplied by (1) number of years of
426 credited service, excluding all additional credited service, except
427 service described in subdivisions (3), (8) and (10) of subsection (b) of
428 section 10-183e, multiplied by two per cent, then actuarially reduced in
429 the same manner as the early retirement benefit if the years of service
430 which could have been rendered were less than twenty years by age
431 sixty or by the subsequent date of retirement, and (2) number of years
432 of all additional credited service not used in subdivision (1) of this
433 subsection multiplied by one per cent.

434 (e) Repealed by P.A. 79-541, S. 5, 6.

435 (f) In addition to a retirement benefit computed under subsections
436 (a) to (d), inclusive, of this section and under subsections (a) to (g),
437 inclusive, of section 10-183aa, a member shall receive a lump sum
438 payment equal to the member's accumulated one per cent
439 contributions withheld prior to July 1, 1989, with credited interest. In
440 lieu of such lump sum, the member may elect to receive an actuarially
441 equivalent annuity for life. Such lump sum or annuity shall be paid, or
442 commenced to be paid, when the first payment of the other retirement
443 benefit is made.

444 (g) A member's complete formal application for retirement, if sent

445 by mail, shall be deemed to have been filed with the board on the date
446 such application is postmarked. No benefit computed under
447 subsections (a) to (d), inclusive, of this section and under subsections
448 (a) to (g), inclusive, of section 10-183aa shall become effective until the
449 end of the calendar month of the filing by the member with the board
450 of a complete formal application for retirement. Such benefit shall
451 accrue from the first day of the month following such calendar month
452 and payment of such benefit in equal monthly installments shall
453 commence on the last day of the month in which such benefit begins to
454 accrue. Upon a finding that extenuating circumstances relating to the
455 health of a member caused a delay in the filing of the member's
456 complete formal application, and such application is filed on or after
457 July 1, 1986, the board may deem such application to have been filed
458 up to three months earlier than the actual date of the filing. Upon a
459 finding that extenuating circumstances related to the health of a
460 member caused a delay in the filing of an election pursuant to
461 subsection (g) of section 10-183aa, and such election is filed on or after
462 July 1, 1986, the board may deem such election to have been filed as of
463 the date such member's benefits would otherwise have been converted
464 to a normal retirement allowance, provided such member's disability
465 allowance became effective on or before November 1, 1976, and such
466 member attained the age of sixty on or after August 1, 1984.

467 (h) A benefit computed under subsections (a) to (d), inclusive, of
468 this section and under subsections (a) to (g), inclusive, of section 10-
469 183aa shall continue until the death of the [retired] member. If twenty-
470 five per cent of the aggregate benefits paid to a [retired] member prior
471 to death are less than such member's accumulated [five per cent]
472 regular contributions, including any one per cent contributions
473 withheld prior to July 1, 1989, and any voluntary contributions plus
474 credited interest, the member's designated beneficiary shall be paid on
475 the death of the member a lump sum amount equal to the difference
476 between such aggregate payments and such accumulated
477 contributions plus credited interest that had been accrued to the date
478 benefits commenced.

479 (i) In lieu of a benefit computed under subsections (a) to (d),
480 inclusive, of this section and under subsections (a) to (g), inclusive, of
481 section 10-183aa, a member may elect one of the options described in
482 section 10-183j or any other actuarially equivalent option which the
483 board may offer from time to time.

484 (j) Beginning the first day of January or July which follows nine
485 months in retirement, a retired member who retired prior to
486 September 1, 1992, or a member's successor beneficiary, except a
487 person receiving survivor's benefits, shall be eligible for an annual five
488 per cent cost of living allowance on any benefit except a benefit based
489 upon such member's one per cent contributions or voluntary
490 contributions. Such cost of living allowance shall be computed on the
491 basis of the retirement benefits to which such retired member or
492 successor beneficiary was entitled on the last day of the preceding
493 December or June except benefits based upon one per cent or
494 voluntary contributions. Such member's successor beneficiary means
495 any person, other than such member, receiving benefits as the result of
496 the election of a period certain option or a coparticipant option,
497 including an election for such an option by a surviving spouse under
498 subsection (d) of section 10-183h. The right to such allowance, or any
499 portion thereof, may be waived by the person entitled thereto at any
500 time. Any waiver shall remain in effect until the first day of the month
501 following such person's death or the filing with the board of a written
502 notice of cancellation of the waiver. Any allowance waived shall be
503 forever forfeited. If on any subsequent first day of January or July the
504 Teacher's Retirement Board determines that the National Consumer
505 Price Index for urban wage earners and clerical workers for the twelve-
506 month period ending on the last day of the preceding November or
507 May has increased less than the cost of living allowance provided
508 under this subsection, the cost of living allowance provided by this
509 subsection shall be adjusted to reflect the change in such index
510 provided such cost of living allowance shall not be less than three per
511 cent.

512 (k) Beginning the first day of January or July which follows nine

513 months in retirement, a retired member who retired on or after
514 September 1, 1992, or a member's successor beneficiary, except a
515 person receiving survivor's benefits, shall be eligible for an annual cost
516 of living allowance calculated in accordance with the provisions of
517 subsections (l) or (m) of this section on any benefit except a benefit
518 based upon such member's one per cent contributions or voluntary
519 contributions. Such cost of living allowance shall be computed on the
520 basis of the retirement benefits to which such retired member or
521 successor beneficiary was entitled on the last day of the preceding
522 December or June except benefits based upon one per cent or
523 voluntary contributions. Such member's successor beneficiary means
524 any person, other than such member, receiving benefits as the result of
525 the election of a period certain option or a coparticipant option,
526 including an election for such an option by a surviving spouse under
527 subsection (d) of section 10-183h. The right to such allowance, or any
528 portion thereof, may be waived by the person entitled thereto at any
529 time. Any waiver shall remain in effect until the first day of the month
530 following such person's death or the filing with the board of a written
531 notice of cancellation of the waiver. Any allowance waived shall be
532 forever forfeited.

533 (l) Beginning the first day of January or July which follows nine
534 months in retirement, a retired member who retired on or after
535 September 1, 1992, or a member's successor beneficiary, except a
536 person receiving survivor's benefits, shall be eligible for an annual cost
537 of living allowance for each year in which the plan actuaries have
538 certified under the provisions of subsection (n) of this section that
539 sufficient funds are available. The cost of living allowance shall be
540 calculated by using the percentage cost of living adjustment granted
541 by the Social Security Administration for the applicable year,
542 computed on the basis of the retirement benefits to which such retired
543 member or successor beneficiary was entitled on the last day of the
544 preceding December or June except benefits based upon one per cent
545 or voluntary contributions, provided no cost of living allowance shall
546 exceed six per cent and provided further, if the total return earned by

547 the trustees on the market value of the pension assets for the preceding
548 fiscal year is less than eight and one-half per cent, any cost of living
549 allowance granted shall not exceed one and one-half per cent.

550 (m) If the plan actuaries have certified in accordance with
551 subsection (n) of this section that the amount of the excess earnings
552 account which is available for payment of a cost of living allowance is
553 insufficient to fund the full amount determined under subsection (l) of
554 this section, each person eligible for an annual cost of living allowance
555 under said subsection (l) shall be eligible for a cost of living allowance
556 reduced proportionately to a percentage that is actuarially supported
557 by the amount so certified, in lieu of the cost of living allowance
558 provided under said subsection (l), provided no cost of living
559 allowance shall exceed six per cent and provided further, if the total
560 return earned by the trustees on the market value of the pension assets
561 for the preceding fiscal year is less than eight and one-half per cent,
562 any cost of living allowance granted shall not exceed one and one-half
563 per cent.

564 (n) To administer cost of living allowances provided under
565 subsections (l) and (m) of this section, there is established the excess
566 earnings account which shall be a separate account established within
567 the Teachers' Retirement Fund. For the calendar year commencing
568 January 1, 1995, and each subsequent calendar year, the excess
569 earnings account shall be credited by an amount equal to that portion
570 of the total return earned by the trustees on the market value of the
571 pension assets for the preceding fiscal year which is a total return in
572 excess of eleven and one-half per cent. The excess earnings account
573 shall be reduced each year by the actuarial value of any cost of living
574 allowance awarded. On May first, annually, the plan actuaries shall
575 determine how much of the excess earnings account balance is
576 available for payment of a cost of living adjustment determined in
577 accordance with the provisions of this section and shall certify their
578 determination to the trustees of the Teachers' Retirement Fund. If the
579 plan actuaries determine that there are no funds available in the excess
580 earnings account for the payment of a cost of living allowance, no cost

581 of living allowance shall be paid.

582 (o) On January 1, 1988, each eligible retired member who had
583 rendered at least twenty-five years of full-time service prior to normal
584 retirement under the provisions of subsection (a) of section 10-183f, or
585 such member's successor beneficiary, as defined in subsection (j) of this
586 section, shall receive a single increase in retirement benefits provided
587 under this chapter. Such increase shall be paid to such eligible
588 members or successor beneficiaries whose monthly benefit as of
589 December 31, 1987, before any reduction for an optional benefit
590 payment plan, is less than eight hundred dollars, and shall be
591 sufficient to increase such monthly benefit to eight hundred dollars.

592 (p) On January 1, 1991, each eligible retired member who had
593 rendered at least twenty-five years of full-time service at least twenty
594 years of which were service in the public schools of Connecticut prior
595 to early retirement before January 1, 1976, under the provisions of
596 subsection (c) of section 10-183f, or such member's successor
597 beneficiary, as defined in subsection (j) of this section, shall receive a
598 single increase in retirement benefits provided under this chapter.
599 Such increase shall be paid to such eligible members or successor
600 beneficiaries whose monthly benefit as of December 31, 1990, before
601 any reduction for an optional benefit payment plan, is less than eight
602 hundred dollars, and shall be sufficient to increase such monthly
603 benefit to eight hundred dollars.

604 (q) On January 1, 1999, each eligible retired member who had
605 rendered at least twenty-five years of full-time service, or such
606 member's successor beneficiary, as defined in subsection (j) of this
607 section, shall receive a single increase in benefits provided under this
608 chapter. Such increase shall be sufficient to increase the monthly
609 benefit of such eligible members or successor beneficiaries, whose
610 monthly benefit as of December 31, 1998, before any actuarial
611 reduction for early retirement or for an optional benefit payment plan,
612 is less than twelve hundred dollars and shall be sufficient to increase
613 such monthly benefit to twelve hundred dollars.

614 Sec. 9. Section 10-183k of the general statutes is repealed and the
615 following is substituted in lieu thereof (*Effective July 1, 2003*):

616 (a) A member who terminates prior to retirement shall be entitled to
617 have refunded his or her accumulated voluntary contributions with
618 credited interest.

619 (b) A member who terminates with less than five years' credited
620 service shall be entitled to have refunded his or her accumulated [five
621 per cent] regular contributions with credited interest. A member who
622 terminates with more than five years of credited service shall be
623 entitled to have refunded his or her accumulated [five per cent] regular
624 contributions with credited interest and his or her accumulated one
625 per cent contributions withheld prior to July 1, 1989.

626 (c) A member who terminates with more than ten years' credited
627 service in the public schools of Connecticut but prior to retirement may
628 elect to receive in lieu of the benefits provided by this chapter a refund
629 of his or her accumulated [mandatory] contributions with credited
630 interest as provided in subsection (b) of this section. If such member
631 elects a refund, all credited service shall be cancelled and any rights to
632 benefits provided by this chapter shall be extinguished, except as
633 provided in subsection (d) of this section. If such member does not
634 elect a refund, but dies before age sixty or before receiving the deferred
635 vested benefit, if later, such member's accumulated voluntary
636 contributions, accumulated [five per cent] regular contributions and
637 accumulated one per cent contributions withheld prior to July 1, 1989,
638 together with credited interest shall be paid to such member's
639 designated beneficiary.

640 (d) A member who receives a refund and returns to service shall be
641 regarded as a new member unless such member repays the amount
642 refunded, other than voluntary contributions and the interest thereon,
643 together with credited interest compounded from the date interest was
644 last credited to such member's account to the date of repayment. The
645 credited service accumulated before termination and any unrefunded

646 one per cent contributions withheld prior to July 1, 1989, and credited
647 interest shall be restored to a member who makes such repayment.
648 Restored contributions and interest shall be credited with credited
649 interest for the period between the last day for which interest was
650 credited on such contributions and such member's return to service.

651 Sec. 10. Section 10-183n of the general statutes is repealed and the
652 following is substituted in lieu thereof (*Effective July 1, 2004*):

653 (a) Each employer shall: (1) Before employing a teacher notify such
654 teacher of the provisions of this chapter applicable to such teacher; (2)
655 distribute, post or otherwise disseminate in a timely manner, to
656 teachers in its employ, any notices, bulletins, newsletters, annual
657 statements of account and other information supplied by the board for
658 the purpose of properly notifying teachers of their rights and
659 obligations under the system; (3) furnish to the board at times
660 designated by said board such reports and information as the board
661 deems necessary or desirable for the proper administration of the
662 system; and (4) deduct each month seven and one-fourth per cent of
663 one-tenth of such teacher's annual salary rate as directed by said board
664 and any additional voluntary deductions as authorized by such
665 teacher, except that no deductions shall be made from any amounts
666 received by regularly employed teachers for special teaching
667 assignments rendered for the State Board of Education or the Board of
668 Governors of Higher Education unless the salary for such special
669 teaching assignment is equal to or greater than the minimum salary
670 paid for such teacher's regular teaching assignment.

671 (b) Each local treasurer or other person having custody of amounts
672 deducted under this chapter by an employer shall transmit and report
673 such amounts to the board so that they are received by said board no
674 later than the fifth business day of the following month. On and after
675 July 1, 2001, all such amounts shall be transmitted via electronic
676 transfer of funds. Such amounts shall at all times be the property of the
677 system and while in the custody of such local treasurer or other person
678 such person is a fiduciary with respect to such amounts and shall

679 discharge his responsibilities solely for the benefit of the system. Said
680 board shall be entitled to receive from an employer interest at the rate
681 of nine per cent per year from the due date on all amounts deducted
682 by such employer and not received by said board by the fifth business
683 day of the following month. Interest at the rate of nine per cent per
684 year shall be compounded annually on the interest assessed from the
685 date payment is received to the date the interest assessment is paid.
686 Such interest shall be treated as an amount earned by assets of the
687 system.

688 (c) All amounts received by the board under this section shall be
689 forwarded to the State Treasurer.

690 (d) Each member shall file with the board an enrollment and such
691 other forms, documents and information as the board deems necessary
692 or desirable for the proper administration of the system.

693 Sec. 11. Subsections (a) to (c), inclusive, of section 10-183t of the
694 general statutes are repealed and the following is substituted in lieu
695 thereof (*Effective July 1, 2005*):

696 (a) The board shall offer one or more health benefit plans to any
697 member receiving retirement benefits or a disability allowance from
698 the system, to the spouse or surviving spouse of such member, and to
699 a disabled dependent of such member if there is no spouse or
700 surviving spouse, provided such member, spouse or surviving spouse,
701 or disabled dependent is eligible for Medicare Part A hospital
702 insurance. The board may offer one or more basic plans, the cost of
703 which to any such member, to the spouse or surviving spouse of such
704 member and to a disabled dependent of such member if there is no
705 spouse or surviving spouse, shall be [twenty-five per cent] one-third of
706 the basic plan's premium equivalent, and one or more optional plans,
707 provided such member, spouse, surviving spouse or disabled
708 dependent shall pay [twenty-five per cent] one-third of the basic plan's
709 premium equivalent plus the difference in cost between any such basic
710 plans and any such optional plans. The board shall designate those

711 plans which are basic and those plans which are optional for the
712 purpose of determining such cost and the amount to be charged or
713 withheld from benefit payments for such plans. The surviving spouse
714 of a member, or a disabled dependent of a member if there is no
715 surviving spouse, shall not be ineligible for participation in any such
716 plan solely because such surviving spouse or such disabled dependent
717 is not receiving benefits from the system. With respect to any person
718 participating in any such plan, the state shall appropriate to the board
719 [twenty-five per cent] one-third of the cost of such basic plan or plans,
720 or [twenty-five per cent] one-third of the cost of the rate in effect
721 during the fiscal year ending June 30, 1998, whichever is greater.

722 (b) Any member who is receiving retirement benefits or a disability
723 allowance from the system, the spouse or surviving spouse of such
724 member, or a disabled dependent of such member if there is no spouse
725 or surviving spouse, and who is not participating in Medicare Part A
726 hospital insurance, may fully participate in any or all group health
727 insurance plans maintained for active teachers by such member's last
728 employing board of education, or by the state in the case of a member
729 who was employed by the state, upon payment to such board of
730 education or to the state, as applicable, by such member, spouse or
731 surviving spouse, or disabled dependent, of the premium charged for
732 his form of coverage. Such premium shall be no greater than that
733 charged for the same form of coverage for active teachers. The
734 surviving spouse or disabled dependent shall not be ineligible for
735 participation in any such plan solely because such surviving spouse or
736 disabled dependent is not receiving benefits from the system. No
737 person shall be ineligible for participation in such plans for failure to
738 enroll in such plans at the time the member's retirement benefit or
739 disability allowance became effective. Nothing in this subsection shall
740 be construed to impair or alter the provisions of any collective
741 bargaining agreement relating to the payment by a board of education
742 of group health insurance premiums on behalf of any member
743 receiving benefits from the system. Prior to the cancellation of
744 coverage for any member, spouse or surviving spouse for failure to

745 pay the required premiums or cost due, the board of education or the
746 state, if applicable, shall notify the Teachers' Retirement Board of its
747 intention to cancel such coverage at least thirty days prior to the date
748 of cancellation. Absent any contractual provisions to the contrary, the
749 payments made pursuant to subsection (c) of this section shall be first
750 applied to any cost borne by the member, spouse or surviving spouse
751 participating in any such plan. As used in this subsection, "last
752 employing board of education" means the board of education with
753 which such member filed his initial application for retirement, and
754 "health insurance plans" means hospital, medical, major medical,
755 dental, prescription drug or auditory benefit plans that are available to
756 active teachers.

757 (c) On and after July 1, 2000, the board shall pay a subsidy equal to
758 the subsidy paid in the fiscal year ending June 30, 2000, to the board of
759 education or to the state, if applicable, on behalf of any member who is
760 receiving retirement benefits or a disability allowance from the system,
761 or the spouse, or the surviving spouse of such member, or a disabled
762 dependent of such member if there is no spouse or surviving spouse,
763 who is participating in a health insurance plan maintained by a board
764 of education or by the state, if applicable. Such payment shall not
765 exceed the actual cost of such insurance. With respect to any person
766 participating in any such plan pursuant to subsection (b) of this
767 section, the state shall appropriate to the board [twenty-five per cent]
768 one-third of the cost of the subsidy. No payment to a board of
769 education pursuant to this subsection may be used to reduce the
770 amount of any premium payment on behalf of any such member,
771 spouse or surviving spouse, or disabled dependent, made by such
772 board pursuant to any agreement in effect on July 1, 1990.

773 Sec. 12. Subsection (d) of section 10-183t of the general statutes is
774 repealed and the following is substituted in lieu thereof (*Effective July*
775 *1, 2003*):

776 (d) The Treasurer shall establish a separate retired teachers' health
777 insurance premium account within the Teachers' Retirement Fund.

778 Commencing July 1, 1989, and annually thereafter all [one per cent]
779 health contributions withheld under this chapter in excess of five
780 hundred thousand dollars shall, upon deposit in the Teachers'
781 Retirement Fund, be credited to such account. Interest derived from
782 the investment of funds in the account shall be credited to the account.
783 Funds in the account shall be used for payments to boards of
784 education pursuant to subsection (c) of this section and for payment of
785 premiums on behalf of members or surviving spouses of members
786 participating in one or more health insurance plans pursuant to
787 subsection (a) of this section in an amount equal to the difference
788 between the amount paid pursuant to said subsection (a) and the
789 amount paid pursuant to subsection (c) of this section. If, during any
790 fiscal year, there are insufficient funds in the account for the purposes
791 of all such payments, the General Assembly shall appropriate
792 sufficient funds to the account for such purpose.

793 Sec. 13. Section 10-183v of the general statutes is repealed and the
794 following is substituted in lieu thereof (*Effective July 1, 2004*):

795 (a) Except as provided in subsection (b) of this section, a former
796 teacher receiving retirement benefits from the system may not be
797 employed in a teaching position receiving compensation paid out of
798 public money appropriated for school purposes except that such
799 former teacher may be employed temporarily in such a position and
800 receive no more than forty-five per cent of the entry-level salary for the
801 assigned subject area for such compensation. Temporary employment
802 means employment for less than a school year. Notice of such
803 employment shall be sent monthly to the board by the employing
804 officials and by the retired teacher at the end of each assignment.

805 (b) A former teacher receiving retirement benefits from the system
806 may be reemployed by a local board of education or by any constituent
807 unit of the state system of higher education if such employment is
808 authorized by the Teachers' Retirement Board upon certification to
809 such board that such reemployment is in the best interests of the local
810 or regional school system. Such certification shall be made by the local

811 or regional board of education, if the employer is to be a local or
812 regional board of education, or the Board of Governors of Higher
813 Education, if the employer is to be a constituent unit of the state
814 system of higher education.

815 (c) The employment of a former teacher under subsection (b) of this
816 section shall not be considered as service qualifying for continuing
817 contract status under section 10-151 and the salary of such teacher shall
818 be fixed at an amount at least equal to that paid other teachers in the
819 same school system with similar training and experience for the same
820 type of service.

821 (d) No person shall be entitled to survivor's benefits under
822 subsection (f) of section 10-183f as a result of reemployment under this
823 section.

824 (e) Retirement benefits to a former teacher reemployed under
825 subsection (b) of this section shall terminate on the first day of the
826 month of such reemployment. Retirement benefits shall resume on the
827 first day of the month after reemployment ceases.

828 (f) The same option plan of retirement benefits in effect prior to
829 reemployment shall continue for a reemployed teacher during
830 reemployment and upon subsequent retirement.

831 (g) Any former teacher reemployed under subsection (b) of this
832 section may elect upon completion of not less than six months
833 continuous service to make contributions to the system from such date.
834 The employer of such electing reemployed teacher shall thereafter treat
835 such teacher with respect to the system in the same manner as any
836 other member of the system except that such employer shall deduct
837 only [six-sevenths] twenty-four twenty-ninths of the amount that
838 would be deducted from the salaries of other members.

839 (h) Any reemployed teacher electing to make contributions to the
840 system under subsection (g) of this section may also elect to obtain
841 retirement credit for service during the period from the beginning of

842 reemployment to the date of such election by contributing to the
843 system within six months of the date on which such teacher makes
844 such election under said subsection (g), six per cent of the salary paid
845 such teacher during such period together with credited interest from
846 the time such salary was paid until such contribution is made to the
847 system.

848 (i) Upon the subsequent retirement of an electing reemployed
849 teacher, the retirement benefits payable to such retired teacher shall be
850 increased by triple the amount that would be payable based solely
851 upon contributions of such teacher made during the period of
852 reemployment plus credited interest thereon.

853 Sec. 14. Subsection (g) of section 10-183e of the general statutes is
854 repealed and the following is substituted in lieu thereof (*Effective July*
855 *1, 2003*):

856 (g) Any member who has been elected to a full-time or part-time
857 position in an organization which has been duly designated as the
858 teachers' representative or who has been elected to a full-time or part-
859 time position in [the] a state-wide, national or international bargaining
860 organization [with which the local bargaining organization is
861 affiliated, under the provisions of section 10-153b,] may, during the
862 time [he] such member so serves, continue [his] membership and may
863 make, or have made for [him] such member, payments of [his]
864 contributions for such time, provided the organization which such
865 [teacher] member represents shall pay the full actuarial cost that would
866 otherwise be incurred by the state for the time such [teacher] member
867 serves in excess of one year. If payment is made during such periods or
868 at any time before retirement, such member shall receive credit for
869 such service and shall be considered as serving as a public school
870 teacher in the state for the purpose of computing length of service, and
871 for the purpose of computing average annual salary, and shall be
872 considered by the retirement board as though [he] such member were
873 remaining in [his] such member's latest teaching position.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003</i>
Sec. 2	<i>October 1, 2004</i>
Sec. 3	<i>July 1, 2003</i>
Sec. 4	<i>July 1, 2003</i>
Sec. 5	<i>October 1, 2003</i>
Sec. 6	<i>from passage</i>
Sec. 7	<i>July 1, 2003</i>
Sec. 8	<i>July 1, 2003</i>
Sec. 9	<i>July 1, 2003</i>
Sec. 10	<i>July 1, 2004</i>
Sec. 11	<i>July 1, 2005</i>
Sec. 12	<i>July 1, 2003</i>
Sec. 13	<i>July 1, 2004</i>
Sec. 14	<i>July 1, 2003</i>

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:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Teachers' Retirement Bd.	GF - Savings, Precludes Future Savings	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 04 \$	FY 05 \$
Various Municipalities	Eliminates Savings	Potential Minimal	Potential Minimal

Explanation

The bill as amended makes changes to the statutes governing the Teachers' Retirement Board (TRB) .

The bill makes various technical changes to the provisions governing the re-employment of retirees. It specifies that re-employed retired teachers in designated shortage areas are to be eligible for the same health insurance benefits provided to active teachers. Currently, re-employed retired teachers receive health insurance coverage or a health care subsidy through the TRB. This change may result in a savings to the TRB health insurance accounts that is expected to be minimal based upon the small number of current re-employed retired teachers. Conversely, the minimal savings municipalities now experience if they choose to hire retired teachers whose health insurance benefits are provided by the TRB will be eliminated under the bill.

The bill allows for the purchase of additional credited service in the

Teachers' Retirement System (TRS) prior to the time of retirement. Since the bill specifies that members must pay the TRB an amount determined on the basis of actuarial factors adopted by the TRB, there is no fiscal impact associated with this change in the timing of the purchases. This section will have a significant, positive administrative impact on the TRB as an agency. Currently, they must process a very large volume of service purchases from July to mid-August because 85% of teachers retire on July 1st.

The bill re-names the excess earnings account to the cost of living adjustment reserve account. This change more accurately reflects the account's function and has no fiscal impact.

Retirement Benefits Contractual in Nature

The bill provides vested, active teachers with retirement benefits that are contractual in nature. The fiscal impact of this provision is uncertain since the nature of contractual benefits is unclear, as is the bill's impact on any potential future savings due to actions of the General Assembly regarding TRS benefits.

Local Early Retirement Incentives

The bill codifies the existing TRB rules regarding payments of early retirement incentive plans by local boards of education and allows a board of education (BOE) to pay for an early retirement incentive over a longer period of time. Currently, if a BOE purchases 2 years of service it must pay for it over 2 years. Under the bill, a BOE could pay for a purchase over a period of years of service not to exceed three times the number of years of service being purchased. Since the installment payments are adjusted to reflect the longer payment period there is no fiscal impact to teachers' retirement system resulting from the change.

Retired Teachers' Health Insurance Premium Account

The bill increases the mandatory health contributions for active

teachers by .25% to 1.25% of salary, effective July 1, 2004. These contributions are used to fund the retired teachers' health insurance premium account along with contributions made by the state and retirees. Based on projected member payroll for FY 05, this change will generate an additional \$7.6 million to the health insurance premium account in FY 05.

The bill increases the states appropriation to the retired teachers' health insurance premium account from 25.0% to 33.3% of the basic plan's premium equivalent and the municipal plan stipend, effective FY 06. Based on estimated FY 05 data, the states costs in FY 06 will increase by \$4.7 million due to the increased percentages required by the bill.

Teachers' Union Representatives

Finally, the bill allows an elected teachers' representative in a state-wide, national or international bargaining organization to receive credit for such service if the full actuarial cost incurred by the system is paid to the TRB.

House "A" makes the changes that have bold heading in the fiscal note and their impacts are described above.

OFA Bill Analysis

sHB 6696(File 702, as amended by House "A")*

AN ACT CONCERNING THE REEMPLOYMENT OF RETIRED TEACHERS, THE PURCHASE OF ADDITIONAL CREDITED SERVICE IN THE TEACHERS' RETIREMENT SYSTEM, THE EXCESS EARNINGS ACCOUNT, CREDIT FOR SERVICE WITH CERTAIN BARGAINING ORGANIZATIONS, AND PAYMENT FOR ADDITIONAL CREDITED SERVICE PURCHASED BY BOARDS OF EDUCATION.

SUMMARY:

The bill makes technical and administrative changes to the statutes governing the Teachers' Retirement Board (TRB). This bill:

1. changes the current post retirement earnings limits for re-employed retired teachers and eliminates it for such teachers in designated subject shortage areas;
2. allows for the purchase of additional credited service in the Teachers' Retirement System (TRS) prior to the time of retirement;
3. re-names the excess earnings account to the cost of living adjustment reserve account;
4. establishes payment dates and interest charges for additional credited service purchased on behalf of a member by a board of education under an early retirement incentive program;
5. provides vested, active teachers with retirement benefits that are contractual in nature;
6. allows for a longer payment period for additional credited service purchased on behalf of a member by a board of education under an early retirement incentive program;
7. increases the mandatory health contribution for active teachers by .25% to 1.25% of salary and increases the state appropriation in the TRB health accounts from 25% to 33.3% of the benefit costs; and
8. allows an elected teachers' representative in a state-wide, national or international bargaining organization to receive credit for such service if the full actuarial cost incurred by the

state is paid to the TRB.

*House Amendment "A" makes the changes which are described in sections 5 through 8 of the above bill summary.

EFFECTIVE DATE: July 1, 2003, except that section 2 is effective October 1, 2004, section 5 is effective October 1, 2003, section 6 is effective from passage, sections 10 and 12 are effective July 1, 2004, section 11 is effective July 1, 2005.

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute
Yea 46 Nay 0