



General Assembly

January Session, 2003

Raised Bill No. 6696

LCO No. 4595

Referred to Committee on Appropriations

Introduced by:
(APP)

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.

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 Section 10-183v of the general statutes is repealed and the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 while such former teacher
44 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. Subsection (e) of section 10-183jj of the general statutes is
151 repealed and the following is substituted in lieu thereof (*Effective July*
152 *1, 2003*):

153 (e) For each year of additional credited service purchased pursuant
154 to this section, the local or regional board of education shall pay an
155 amount specified by the Teachers' Retirement Board equal to the
156 actuarial present value, determined according to actuarial tables
157 adopted by the Teachers' Retirement Board, of the difference between
158 the retirement benefit which the member is entitled to receive based
159 upon [his or her] the member's service apart from such purchased
160 service and the benefit which [he or she] the member is entitled to
161 receive including such service. Payments shall be made in accordance
162 with rules adopted by the Teachers' Retirement Board. Such payments
163 must be received not later than thirty days following the date payment
164 is requested or interest shall be assessed from the date on which such
165 payment was due to the date on which such payment was received.
166 When a board of education purchases additional credited service for a
167 member pursuant to this section, the Teachers' Retirement Board shall
168 notify the member in writing. Payment for additional service credit
169 purchased pursuant to this section may be made in equal annual
170 installment payments, including interest, not to exceed the number of
171 years being purchased by the local or regional board of education. Late
172 payments and outstanding obligations from a prior year's purchase or
173 late payment of monthly mandatory contributions shall be paid in full

174 prior to the initiation of a new early retirement incentive plan or such
175 amounts shall be included as part of the cost of the new early
176 retirement incentive plan. Interest shall be assessed on installment
177 payments and late payments as provided by subsection (b) of section
178 10-183n. Any additional credited service purchased for any such
179 member shall be in addition to any credited service purchased
180 pursuant to section 10-183e, as amended by this act.

181 Sec. 6. Subsection (g) of section 10-183e of the general statutes is
182 repealed and the following is substituted in lieu thereof (*Effective July*
183 *1, 2003*):

184 (g) Any member who has been elected to a full-time or part-time
185 position in an organization which has been duly designated as the
186 teachers' representative or who has been elected to a full-time or part-
187 time position in [the] a state-wide, national or international bargaining
188 organization [with which the local bargaining organization is
189 affiliated, under the provisions of section 10-153b,] may, during the
190 time [he] such member so serves, continue [his] membership and may
191 make, or have made for [him] such member, payments of [his]
192 contributions for such time, provided the organization which such
193 [teacher] member represents shall pay the full actuarial cost that would
194 otherwise be incurred by the state for the time such [teacher] member
195 serves in excess of one year. If payment is made during such periods or
196 at any time before retirement, such member shall receive credit for
197 such service and shall be considered as serving as a public school
198 teacher in the state for the purpose of computing length of service, and
199 for the purpose of computing average annual salary, and shall be
200 considered by the retirement board as though [he] such member were
201 remaining in [his] such member's latest teaching position.

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| 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> |

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| Sec. 4 | July 1, 2003 |
| Sec. 5 | July 1, 2003 |
| Sec. 6 | July 1, 2003 |

Statement of Purpose:

Section 1. To increase the earnings limit for reemployed retired members; specify procedure for recovering overpayments to members who exceed the earnings limit; require school districts to offer health insurance to reemployed members; eliminate option of contributing to the system and accruing benefits during period of reemployment; Section 2. To allow purchase of additional credited service prior to retirement; Sections 3. and 4. To rename excess earnings account to cost of living adjustment reserve account; Section 5. To require boards of education to make delinquent payments of funds due the system, plus credited interest, at the time such board purchased service under an early retirement program; Section 6. To allow the purchase of service credit by or on behalf of a member who is elected to a full-time position in a bargaining organization other than the organization affiliate with the local bargaining unit with which the member served. Requested by the Teachers' Retirement Board.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]