



Substitute Senate Bill No. 1358

Public Act No. 05-202

AN ACT CONCERNING THE CREATION, MANAGEMENT AND FUNDING OF MUNICIPAL POST-EMPLOYMENT HEALTH AND LIFE BENEFIT SYSTEMS.

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

Section 1. Subsection (a) of section 7-403a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(a) Upon the recommendation of the chief executive officer of a municipality and approval of the budget-making authority of the municipality, the legislative body of any municipality, as defined in section 7-369, may, by a majority vote, create a loss and retiree benefits reserve fund. The provisions of subsection (a) of section 7-450, as amended by this act, regarding the establishment of post-employment health and life benefit systems, shall not affect the provisions of this section.

Sec. 2. Section 7-450 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(a) Any municipality or subdivision thereof may, by ordinance, establish pension, [and] retirement, or other post-employment health and life benefit systems for its officers and employees and their

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beneficiaries, or amend any special act concerning its pension, [or] retirement, or other post-employment health and life benefit [system] systems, toward the maintenance in sound condition of a pension, retirement, or other post-employment health and life benefit fund or funds, provided the rights or benefits granted to any individual under any municipal pension or retirement [or pension] system shall not be diminished or eliminated. The legislative body of any such municipality, by a two-thirds vote, may provide for pensions to persons, including survivors' benefits for widows of such persons, not included in such pension or retirement [or pension] system.

(b) The provisions of subsection (a) of this section shall not operate to invalidate the establishment of any post-employment health and life benefit system duly established prior to the effective date of this act, by any municipality or subdivision thereof, pursuant to the provisions of any public or special act, charter, special act charter, home-rule ordinance, local ordinance or local law.

Sec. 3. Section 7-450a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(a) Any municipality, in which a pension, [or] retirement, or other post-employment health and life benefit system applicable with respect to any employees of such municipality has been established by ordinance or under the authority of any public or special act, charter or special act charter, shall have prepared, no less often than once every five years commencing July 1, 1977, an actuarial evaluation of such system, including evaluation of accumulated or past service liability and the annual liability related to benefits currently earned under such system. Such evaluation shall be prepared by an actuary enrolled by the joint board for the enrollment of actuaries established under Subtitle C of Title III of the federal act entitled Employee Retirement Income Security Act of 1974, and such evaluation shall be prepared on the basis of such assumptions as to interest earnings, mortality

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experience, employee turnover and any other factors affecting future liabilities under such system, which in the judgment of such actuary represent the best estimate as to future experience under such system.

(b) No ordinance or act altering the pension, [or] retirement, or other post-employment health and life benefit system shall be enacted until the legislative body, as defined in subsection (3) of section 7-425, has requested and received a qualified cost estimate from such enrolled actuary.

(c) Any municipality subject to the requirements in subsection (a) of this section shall have prepared, within six months following the adoption of any amendment to such system increasing benefits to any extent, in addition to such evaluations as required under subsection (a), a revision of the last preceding evaluation reflecting the increase in potential municipal liability under such system. If such amendment is adopted within one year preceding a date on which an actuarial evaluation is required under subsection (a) of this section, an additional evaluation shall not be required.

(d) Any actuarial evaluation prepared for a municipality in accordance with this section shall be delivered to the chief fiscal officer of such municipality who shall file a certified copy thereof with the town or city clerk for custody in the manner of other public records. A summary of such evaluation, including a statement prepared by the actuary as to the amount of annual payment that should be made for proper funding on the basis of such evaluation with respect to benefits currently earned and the accumulated or past service liability, shall be included in the first annual report of the municipality next following completion of each such evaluation.

Approved July 6, 2005