

Sen. Edith Prague and Rep. Kevin Ryan, Chairmen
Labor and Public Employees Committee

Written Comments in Support of Raised House Bill No. 5703 – An Act Concerning The Purchase of Credit For Retirement Purposes Under The State Employees Retirement System. Public Hearing on Tuesday, February 28, 2006 at 2:30 P.M. in Room 1B Legislative Office Building.

My name is Alan N. Ponanski of 161 Newberry Road, East Haddam, Connecticut. I am a Connecticut state employee that has served our state for approximately 15 years. I have also been a Rhode Island state employee for approximately 5 years. I am writing to comment favorably on Raised House Bill No. 5703– An Act Concerning The Purchase of Credit For Retirement Purposes Under The State Employees Retirement System.

It is my understanding that the purpose of Raised Bill No. 5703 is to allow certain state employees who were previously employed in Rhode Island or Arizona to purchase credit under the state employees retirement system.

Since 1992, I have also sought retirement credit without success from Connecticut for five years of prior service as a Rhode Island state employee. I believe few people have this specific problem. Most recently in the 2005 session, Rep. Orange, Rep. Ryan and Rep. Mushinsky tried to solve the problem by sponsoring an amendment, LCO No. 6888, to House Bill 7001, “An Act Concerning the Purchase of Credit for Retirement Purposes Under the State Employees Retirement System.” (Copy Attached). This amendment, if approved by the General Assembly, would have allowed former Rhode Island state employees to purchase retirement credit. It was never brought to a vote. Therefore, I would comment favorably on Raised Bill No. 5703 because it would solve a major problem and permit me to purchase retirement credits for my five years of service in Rhode Island.

Conn. Gen. Stat Sec. 5-191 allows state employees to apply for retirement credit for service to other states that provide reciprocity for Connecticut employees who move to and are employed in public service in their states. I sought to apply this statute to my own case and be credited for prior service at no cost to me. However, Rhode Island currently only recognizes teachers, not state employees of Connecticut for retirement credit.

My only recourse now is to seek to purchase the credit, which requires authorization by the General Assembly. As a Tier II state employee, I am not required to make contributions to my retirement plan. However, I am willing to purchase retirement credit that would have been free to me had Rhode Island recognized Connecticut for purposes of service credit purchases. I seek to purchase the credit according to a statutory formula that has been used extensively by Tier I members and others (see C.G.S. 5-177, 5-181(a), 5-181a and 5-177). (See House Bill No. 7001). I have omitted other Connecticut statutes dealing with prior municipal service credit – C.G.S. 5-192j (e) and prior public school service –C.G.S. 5-191, which allow retirement credit without purchase in some cases.

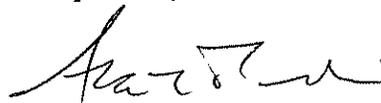
It is important to note that any purchase according to the Tier I formula would also have the impact of a lower retirement benefit for me because I will retire as a Tier II employee (benefit is less than Tier I – 2% vs. 3%). However, I am willing to contribute at Tier I rates even though I would receive a reduced Tier II retirement benefit.

Most of my life's work has been spent in service to federal and state governments, including my 15 years in Connecticut. My prior government service and experience as budget analyst for the federal government and budget director for the R.I. Department of Transportation (I hold a Master's in Government (Finance) from the College of William & Mary) has greatly benefited the State of Connecticut in my legal work as counsel to the Connecticut Department of Transportation. Being allowed to purchase credit for five years of service in Rhode Island would be recognition of that service and close a retirement gap.

Also, I believe that equity and fairness requires the state to allow me, as it has done for others, to purchase service from which the state has benefited. Moreover, the state should not treat my service differently from Tier I employees who are given or can purchase credits or who have the luck to have worked for a state having reciprocal credit agreements with Connecticut . In my case, the distinctions are arbitrary.

In sum, I support Raised Bill No. 5703 and the fair solution it presents to provide the right to purchase retirement credits for service to other non-reciprocal states.

Respectfully submitted,



Alan N. Ponanski
860-873-1918