



House of Representatives

General Assembly

File No. 230

February Session, 2008

House Bill No. 5484

House of Representatives, March 27, 2008

The Committee on Labor and Public Employees reported through REP. RYAN, K. of the 139th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE PURCHASE OF CREDIT FOR MILITARY SERVICE IN THE MUNICIPAL EMPLOYEES' RETIREMENT ACT.

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

1 Section 1. Subsection (a) of section 7-436b of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (a) Any member of fund B of the municipal employees' retirement
5 system, who, prior to such member's date of employment with a
6 municipality that is participating in said fund B, served in any branch
7 of the armed forces of the United States during the times set forth in
8 section 27-103 shall be credited with the period of such service to the
9 extent that such member makes contributions to said fund for all or
10 any part of the period of such service, except that any veteran who
11 becomes a member on or after October 1, 1984, shall not receive credit
12 for such war service if such member has received or is entitled to
13 receive any retirement allowance for the same years of service from the
14 federal government. Such contributions shall be computed at a rate of

15 two per cent of such member's first year's salary as such employee,
 16 with interest at five per cent per annum, payable within one year of
 17 such employment, or on or before January 1, [1992] 2009, whichever is
 18 later, provided such contributions are made prior to the date of
 19 retirement. The period of such service for which contributions to said
 20 fund are made shall be counted for the purpose of computing the
 21 amount of such member's retirement allowance, provided such
 22 member shall have completed five years of continuous service or
 23 fifteen years of active aggregate service with a participating
 24 municipality or shall be retired prior thereto due to disability incurred
 25 in the course of employment. Any member who purchases credit
 26 pursuant to this section and who later receives a retirement allowance
 27 for permanent and total disability under this part shall, upon written
 28 request, be refunded all such contributions paid under this section,
 29 provided such military service credit did not serve to increase the
 30 amount of disability retirement benefits for which such member was
 31 eligible.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	7-436b(a)

LAB *Joint Favorable*

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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 09 \$	FY 10 \$
Municipalities- MERS members	Cost	None	See Below

Explanation

The bill would impact municipalities that participate in the Municipal Employees Retirement System (MERS). Currently, employees participating in MERS have a one year period from the start of their employment to purchase military service credit. The bill provides an additional purchase opportunity (until January 1, 2009) for MERS members who did not make their purchase during their first year of employment.

There are approximately 8,500 active MERS members. It is not known how many members are eligible and will choose to purchase service under the bill. The bill requires employees to make a contribution for the military service credit equal to 2% of the employee's first year's salary plus 5% interest for each subsequent year. The balance of the cost for the additional credited service is borne by the MERS municipalities. Once the purchases have been made, the system's actuary will calculate the value of the service minus the employee contribution. This additional, unanticipated cost will be included in the FY 10 required contribution to be made by all MERS municipalities.

Currently, municipalities contribute approximately 8% of payroll for the employer contribution to MERS.

OLR Bill Analysis**HB 5484****AN ACT CONCERNING THE PURCHASE OF CREDIT FOR
MILITARY SERVICE IN THE MUNICIPAL EMPLOYEES'
RETIREMENT ACT.****SUMMARY:**

This bill allows Municipal Employees Retirement System (MERS) members to purchase retirement credit based on military service under certain conditions. The employee must buy the credit by January 1, 2009 and contribute the equivalent of 2% of the employee's first year's pay plus 5% interest added for each passing year. New MERS members have until one year after being hired to make the payments.

By law, the employee must meet one of the following conditions in order for the purchased retirement credit to count:

1. completed five years of continuous service with a participating town,
2. completed 15 years of aggregate service with a participating town, or
3. is already receiving a work-related disability retirement.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 9 Nay 0 (03/11/2008)