



General Assembly

February Session, 2008

Raised Bill No. 596

LCO No. 2479

02479_____APP

Referred to Committee on Appropriations

Introduced by:
(APP)

**AN ACT REVISING STATUTES CONCERNING THE TEACHERS'
RETIREMENT SYSTEM TO CONFORM TO THE INTERNAL REVENUE
CODE.**

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

1 Section 1. Subdivision (3) of section 10-183b of the 2008 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective from passage*):

4 (3) "Annual salary" means the annual salary rate for service as a
5 Connecticut teacher during a school year but not including unused
6 sick leave, unused vacation, terminal pay, coaching or extra duty
7 assignments, unless compensation for coaching or extra duty
8 assignment was included in salary for which contributions were made
9 prior to July 1, 1971. In no event shall annual salary include amounts
10 determined by the board to be included for the purpose of inflating the
11 member's average annual salary. The inclusion in annual salary of
12 amounts paid to the member, in lieu of payment by the employer for
13 the cost of benefits, insurance, or individual retirement arrangements
14 which in prior years had been paid by the employer and not included
15 in the member's annual salary, shall be prima facie evidence that such

16 amounts are included for the purpose of inflating the member's
17 average annual salary. Annual salary shall not (A) include payments
18 the timing of which may be directed by the member, [Annual salary
19 shall not] (B) include payments to a superintendent pursuant to an
20 individual contract between such superintendent and a board of
21 education, of amounts which are not included in base salary, or (C)
22 exceed the maximum amount allowed under Section 401(a)(17) of the
23 Internal Revenue Code for the applicable limitation year, provided in
24 no event shall the limitation under Section 401(a)(17) of the Internal
25 Revenue Code apply to the annual salary of a member whose
26 membership began prior to January 1, 1996, if such limitation would
27 reduce the amount of the member's annual salary below the amount
28 permitted for calculation of the member's retirement benefit under
29 chapter 167a, without regard to the limitation under Section 401(a)(17)
30 of the Internal Revenue Code. Annual salary shall include amounts
31 paid to the member during a sabbatical leave during which mandatory
32 contributions were remitted, provided such member returned to full-
33 time teaching for at least five full years following the completion of
34 such leave.

35 Sec. 2. Section 10-183b of the 2008 supplement to the general statutes
36 is amended by adding subdivisions (28) and (29) as follows (*Effective*
37 *from passage*):

38 (NEW) (28) "Internal Revenue Code" means the Internal Revenue
39 Code of 1986, or any subsequent corresponding internal revenue code
40 of the United States, as from time to time amended, and any
41 regulations promulgated under or interpretations of said code that
42 may affect chapter 167a.

43 (NEW) (29) "Limitation year" means the twelve-month period
44 beginning each July first and ending each June thirtieth.

45 Sec. 3. Subsection (a) of section 10-183g of the 2008 supplement to
46 the general statutes is repealed and the following is substituted in lieu
47 thereof (*Effective from passage*):

48 The normal retirement benefit shall be two per cent times the
49 number of years of full-time credited service and a proportional
50 fraction of two per cent times the number of years of credited service at
51 less than full-time multiplied by average annual salary. In no event,
52 however, shall such benefit exceed seventy-five per cent of such salary
53 [or the limits mandated by Section 415 of the Internal Revenue Code,]
54 or be less than three thousand six hundred dollars.

55 Sec. 4. Section 10-183g of the 2008 supplement to the general statutes
56 is amended by adding subsection (r) as follows (*Effective from passage*):

57 (NEW) (r) No retirement benefit payable under chapter 167a shall
58 exceed the maximum dollar limit in effect under Section 415(b) of the
59 Internal Revenue Code for the applicable limitation year, as increased
60 in subsequent years pursuant to Section 415(d) of the Internal Revenue
61 Code. A subsequent annual increase shall apply to a member if the
62 increase becomes effective after the member retires or, if such increase
63 becomes effective before a member retires, after the date on which
64 such benefit begins to accrue.

65 Sec. 5. Section 10-183i of the general statutes is repealed and the
66 following is substituted in lieu thereof (*Effective from passage*):

67 (a) A member may make voluntary contributions to the system and
68 may, no more than once, withdraw such voluntary contributions from
69 the system under rules of the board. Voluntary contributions shall be
70 subject to the limitations imposed under Section 415(c) of the Internal
71 Revenue Code for the applicable limitation year. Such contributions
72 shall earn credited interest. Upon retirement such member shall elect
73 to receive the accumulated contributions plus credited interest either
74 in a lump sum or in the form of an actuarially equivalent annuity for
75 life. Such lump sum or annuity shall be paid or commenced to be paid
76 when the first payment of such member's other retirement benefit is
77 made. If such member dies before the effective date of his or her
78 retirement, the accumulated contributions plus credited interest shall
79 be paid to such member's designated beneficiary.

80 (b) For purposes of applying the limitations of Section 415(c) of the
 81 Internal Revenue Code under subsection (a) of this section,
 82 compensation shall include (1) wages within the meaning of Section
 83 3401(a) of the Internal Revenue Code, for purposes of income tax
 84 withholding at the source, (2) amounts that would be included in
 85 wages except for elections made under Section 125(a), 132(f)(4),
 86 402(e)(3), 402(h)(1)(B), 402(k) or 457(b) of the Internal Revenue Code,
 87 and (3) any other payments of compensation to a member by such
 88 member's employer for which the employer is required to furnish the
 89 member a written statement under Sections 6041(d), 6051(a)(3) and
 90 6052 of the Internal Revenue Code, but such compensation shall not
 91 exceed the maximum amount allowed under Section 401(a)(17) of the
 92 Internal Revenue Code for the applicable limitation year.

93 Sec. 6. Section 10-183f of the general statutes is amended by adding
 94 subsection (g) as follows (*Effective from passage*):

95 (NEW) (g) Notwithstanding any provision of chapter 167a,
 96 pursuant to Section 401(a)(9) of the Internal Revenue Code, a member
 97 shall begin receiving benefits under said chapter no later than April
 98 first of the calendar year following the calendar year in which (1) the
 99 member attains age seventy and one-half, or (2) if the member retires
 100 after age seventy and one-half, the member retires.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	10-183b(3)
Sec. 2	<i>from passage</i>	10-183b
Sec. 3	<i>from passage</i>	10-183g(a)
Sec. 4	<i>from passage</i>	10-183g
Sec. 5	<i>from passage</i>	10-183i
Sec. 6	<i>from passage</i>	10-183f

Statement of Purpose:

To amend sections of the general statutes concerning the teachers' retirement system to limit the additional voluntary contributions a

member may contribute, limit the maximum amount of the annual allowable retirement benefit and incorporate Internal Revenue Code minimum distribution rules.

[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.]