



Senate

General Assembly

File No. 601

January Session, 2009

Senate Bill No. 905

Senate, April 9, 2009

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

**AN ACT CONCERNING TECHNICAL CHANGES TO THE
CALCULATION OF COST OF LIVING ALLOWANCES FOR MEMBERS
OF THE TEACHERS' RETIREMENT SYSTEM.**

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

1 Section 1. Subsection (l) of section 10-183g of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (l) (1) Beginning the first day of January or July which follows nine
5 months in retirement, a retired member who retired on or after
6 September 1, 1992, or a member's successor beneficiary, except a
7 person receiving survivor's benefits, shall be eligible for an annual cost
8 of living allowance. The cost of living allowance shall be calculated by
9 using the percentage cost of living adjustment granted by the Social
10 Security Administration for the applicable year, computed on the basis
11 of the retirement benefits to which such retired member or successor
12 beneficiary was entitled on the last day of the preceding December or
13 June except benefits based upon one per cent or voluntary

14 contributions, provided no cost of living allowance shall exceed six per
 15 cent and provided further, if the total return earned by the trustees on
 16 the market value of the pension assets for the preceding fiscal year is
 17 less than eight and one-half per cent, any cost of living allowance
 18 granted shall not exceed one and one-half per cent.

19 (2) A member entering the retirement system commencing on or
 20 after July 1, 2007, or such member's successor beneficiary, except a
 21 person receiving survivor's benefits, shall, beginning the first day of
 22 January or July that follows nine months in retirement, be eligible for
 23 an annual cost of living allowance as follows: The cost of living
 24 allowance shall be calculated by using the percentage cost of living
 25 adjustment granted by the Social Security Administration for the
 26 applicable year, computed on the basis of the retirement benefits to
 27 which such retired member or successor beneficiary was entitled on
 28 the last day of the preceding December or June, as applicable, except
 29 benefits based upon one per cent [of] or voluntary contributions,
 30 provided (A) no cost of living allowance shall exceed five per cent, and
 31 (B) if the total return earned by the trustees on the market value of the
 32 pension assets for the preceding fiscal year is less than eight and one-
 33 half per cent, any cost of living allowance granted shall not exceed one
 34 per cent, if such total return for the preceding fiscal year is greater than
 35 eight and one-half per cent but less than eleven and one-half per cent,
 36 any cost of living allowance granted shall not exceed three per cent,
 37 and if such return exceeds eleven and one-half per cent, any cost of
 38 living allowance granted shall not exceed five per cent.

This act shall take effect as follows and shall amend the following sections:		
Section 1	from passage	10-183g(1)

FIN *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 House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill corrects a typographical error in the public act authorizing the issuance of pension obligation bonds. Specifically, the phrase “based upon one percent of voluntary contributions” should have read “based upon one percent or voluntary contributions”. Passage of this bill has no fiscal impacts as it clarifies that “one percent contributions” are distinct from “voluntary contributions,” and conforms with the subsections of the statutes related to the calculations of cost of living allowance.

OLR Bill Analysis**SB 905*****AN ACT CONCERNING TECHNICAL CHANGES TO THE
CALCULATION OF COST OF LIVING ALLOWANCES FOR
MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM.*****SUMMARY:**

This bill corrects a typographical error in a provision of a 2007 act dealing with promised annual pension cost of living adjustments (COLAs) for Teachers' Retirement System members who join the system on or after July 1, 2007.

The bill applies percentage COLAs for such members after they retire to the basic retirement benefits they received on the last day of the preceding December or June and excludes from the COLA calculation any benefits based on one percent or voluntary contributions (see BACKGROUND). This matches the COLA calculation for all other members. Current law would result in a higher COLA for these newer members by including some of their voluntary contributions in their COLA base.

EFFECTIVE DATE: Upon passage

BACKGROUND***One Percent or Voluntary Contributions***

One percent or voluntary contributions are additional pre-tax or after-tax contributions a member chooses to make to the Teacher's Retirement Fund. Such contributions receive credited interest and, at the member's option, may be paid out in a lump sum, rolled over to or from an IRA according to Teachers' Retirement Board rules, or paid as an extra annuity after retirement.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51 Nay 0 (03/24/2009)