



STATE OF CONNECTICUT
TEACHERS' RETIREMENT BOARD
765 ASYLUM AVENUE HARTFORD, CT 06105-2822
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Toll-Free 1-800-504-1102 (860) 241-8401 Fax (860) 622-2846
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Teachers' Retirement Board Testimony
Appropriations Committee
March 1, 2011
9:30 am

Good Morning Chairpersons Harp and Walker. My name is Darlene Perez, Administrator for the Teachers' Retirement Board. I want to begin by thanking the Governor and OPM for proposing an appropriation of the agency's full operating budget and State contributions to the teachers' pension and health funds.

As an overview of the Teachers' Retirement System, we were established in 1917. Today the system supports over 100,000 teachers, spouses and beneficiaries with account maintenance and benefits as provided by the statutes governing this system. Participation is mandatory for public school teachers employed in the public schools of Connecticut at least half-time or greater.

Funding of the system comes from the State of Connecticut through the appropriation process as and from active teacher who contribution six percent of their pensionable salary into the pension fund as well as one and one-quarter percent of their salary into the health fund. Retired teachers and spouses who participate in Medicare Parts A and B who also participate in the Teachers' Retirement Board sponsored health plan pay one-third of the premium for the basic plan for participation and the full premium for dental, vision and hearing plan participation.

In Fiscal Years 2012 and 2013, the certified pension contributions are \$757,246,000 and \$787,536,000 respectively and the health insurance program appropriations are \$32,330,992 and \$34,388,316 respectively.

Retirement benefits are earned based on a range of age and service combinations beginning at a minimum of 10 years of public school teaching in Connecticut at 60+ years to a maximum benefit based on 37.5 years of full-time service. In addition to the maximum service benefit the Teachers' Retirement Board complies with the maximum compensation rules defined under Internal Revenue Code Section 401(a)(17).

Our latest valuation and many other items of interest regarding the Teachers' Retirement System can be found on our website at www.ct.gov/trb.

The Teachers' Retirement Board is missing an encrypted computer storage device containing the images of 57,617 active member annual statements. The Board received advice from the Attorney General's office to provide Identity Theft Protection for two years to those members whose information was on the missing device. The enrollment period ran from November 8, 2010 to February 8, 2011. The projected cost assuming all eligible members participated would have been \$3,044,768. Based on actual enrollment the cost is \$522,508. The actual cost significantly reduced the approximate deficit to \$247,413, of which can be partially covered by our lapse in personnel services. The lapse in personnel services' is due to three resignations in fiscal years ending in 2010 and 2011, bringing the agency down to twenty two full time staff with five full time budgeted vacancies.

Some of our key challenges were outlined in the transition document submitted to Governor Rell in October of 2010, and are similar to all other state agencies in that we function with a low number of staff in relationship to our statutory responsibilities. We are able to accomplish the priority tasks but unable to improve the agency's status quo.

Once again I would like to thank you for the full funding of the Teachers' Retirement Board in the FY 12 & FY 13 proposed budget.

I am able to answer any questions you have at this time.