



House of Representatives

General Assembly

File No. 447

February Session, 2012

House Bill No. 5443

House of Representatives, April 16, 2012

The Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING BENEFITS FOR SURVIVING SPOUSES UNDER THE TEACHERS' RETIREMENT SYSTEM.

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

1 Section 1. Subsection (d) of section 10-183h of the 2012 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective from passage and applicable with respect to members*
4 *who died on or after January 1, 2008*):

5 [On and after July 1, 1998, the] The surviving spouse of any member
6 who, at the time of death was eligible for a retirement benefit other
7 than a disability benefit and had not filed a waiver of the
8 coparticipant's option, may elect to receive (1) a monthly benefit for life
9 equal to the benefit payable if a one hundred per cent coparticipant's
10 option had been elected or (2) an amount equal to the member's
11 accumulated contributions with credited interest. [An election under
12 this subsection may be made only in cases where (1) the spouse is such
13 member's sole designated beneficiary or where all other designated
14 beneficiaries relinquish all claim to any amounts that may be due them

15 from the system and (2) such member at the time of death was eligible
16 for a retirement benefit other than a disability benefit.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable with respect to members who died on or after January 1, 2008</i>	10-183h(d)

APP *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 13 \$	FY 14 \$
Teachers' Retirement Bd.	Teachers' Retirement Fund - Cost	Minimal	Minimal

Municipal Impact: None

Explanation

The fiscal impact to the Teachers' Retirement System (TRS) from the change to the surviving spouse benefit options provided in the bill is minimal relative to the magnitude of the Teachers' Retirement Fund.¹ Since the TRS actuarial assumption is an automatic co-participant option for married members upon eligibility for retirement, the change in benefit options is not anticipated to impact the state's contribution to the TRS. The additional choices of the co-participant option and the lump sum refund of contributions are already available to all surviving spouses who are named the sole designated beneficiary.

There are two surviving spouses, currently limited to the statutory survivorship benefit because their spouses failed to name them as sole designated beneficiary, who will have the additional options available under the bill. They are eligible for the statutory survivor annual benefit of \$6,960 and \$7,200, respectively. The bill allows them to be eligible for the co-participant retirement benefit of \$22,800 and \$45,600, respectively. Details of all the benefit options for these two surviving

¹ The Teachers' Retirement System has 53,969 active members and 31,796 retired members. During the last valuation (6/30/10) of the TRS, the Teachers' Retirement Fund had assets of \$14.4 billion, liabilities of \$23.5 billion and a funded ratio of 61%.

spouses impacted by the bill are provided in the table below:

Surviving Spouse	Current Benefit	Additional Options under the Bill	
	Survivorship (Monthly/Annual) \$	Co-participant Option (Monthly/Annual) \$	Lump Sum Refund of Contributions \$
A	600/7,200	3,900/46,800	400,000
B	580/6,960	1,900/22,800	189,000

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: *CT State Teachers' Retirement System Actuarial Valuation June 30, 2010*
Digest of Administrative Reports FY 2010 - 2011
Teachers' Retirement Board

OFA Bill Analysis**HB 5443*****AN ACT CONCERNING BENEFITS FOR SURVIVING SPOUSES UNDER THE TEACHERS' RETIREMENT SYSTEM.*****SUMMARY:**

The bill allows the surviving spouse of a Teachers' Retirement System (TRS) member to choose the following options in the settlement of the retirement account if the member 1) at the time of death was eligible for a retirement benefit, and 2) had not filed a waiver of the co-participant option:

- Monthly 100% co-participant benefit (the 100% co-participant option provides an actuarially reduced monthly benefit to a retired teacher for life with the same amount continuing after the teacher's death to his or her designated co-participant) or
- Lump sum refund of the member's accumulated contributions plus credited interest.

EFFECTIVE DATE: Upon passage and applicable with respect to members who died on or after January 1, 2008.

Survivorship Benefits Issued Before Retirement

Under current law, if a teacher dies after meeting the age and service requirements for a retirement benefit and their spouse is named the sole designated beneficiary, the spouse has the option of choosing the 100% co-participant benefit or the refund of contributions. However, if the teacher did not name their surviving spouse as the sole designated beneficiary, the spouse is limited to the

survivorship benefit.

The bill allows the surviving spouse of a teacher who failed to name their spouse as the sole designated beneficiary the same benefit options available to those surviving spouses who were named sole designated beneficiary. There are two surviving spouses who are impacted by the bill.

BACKGROUND

Statutory Survivorship Benefits

Survivorship Benefits are provided as follows:

- \$300 monthly - each minor child under age 18,
- \$300 monthly - each disabled child,
- \$300 to \$600 monthly - surviving spouse,
- \$1,500 monthly maximum family survivorship benefit,
- \$2,000 maximum lump sum death benefit payment paid to the surviving spouse.

COMMITTEE ACTION

Appropriations Committee

Joint Favorable

Yea 48 Nay 0 (03/29/2012)