



General Assembly

**Substitute Bill No. 5400**

February Session, 2012

\* \_\_\_\_\_HB05400LAB\_\_\_032012\_\_\_\_\_\*

**AN ACT CONCERNING THE MUNICIPAL EMPLOYEE RETIREMENT SYSTEM CONTRIBUTION RATE.**

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

1 Section 1. Section 7-440 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2012*):

3 (a) Each member shall contribute to the fund:

4 (1) (A) Prior to January 1, 2013, five per cent, (B) on and after  
5 January 1, 2013, six per cent, and (C) on and after January 1, 2015,  
6 seven and three-quarters per cent of his or her pay as to that portion of  
7 pay with respect to which contributions are not to be deducted under  
8 section 7-453; and

9 (2) (A) Prior to January 1, 2013, two and one-quarter per cent, (B) on  
10 and after January 1, 2013, three and one-quarter per cent, (C) on and  
11 after January 1, 2014, four and one-quarter per cent, and (D) on and  
12 after January 1, 2015, five per cent as to that portion of pay with  
13 respect to which contributions are to be so deducted, to be deducted  
14 from such pay by the municipality and forwarded not less frequently  
15 than once a month to the Retirement Commission to be credited to the  
16 fund.

17 (3) In the case of [members] a member serving with the armed

18 forces of the United States in time of war, hostilities or national  
19 emergency or any acts incident thereto, as provided in section 7-434,  
20 the municipality shall forward to the Retirement Commission the  
21 contribution required for such member under subdivisions (1) and (2)  
22 of this subsection to be credited to the fund [a like contribution] on  
23 behalf of such member based upon his or her pay at the time of  
24 entering such service.

25 (b) (1) Any member leaving the employment of the municipality  
26 before becoming eligible for retirement may withdraw on request to  
27 the Retirement Commission the total of all contributions made by him  
28 or her, including contributions made to another system and  
29 transferred to the Municipal Employees' Retirement Fund under the  
30 provisions of section 7-442b, less any retroactive contributions payable  
31 by such member under section 7-453 to the Old Age and Survivors  
32 Insurance System which have been paid from the fund under the  
33 provisions of section 7-451, provided, if no request is made within [ten]  
34 five years, such contributions shall revert to the fund. The withdrawal  
35 of contributions shall include interest credited from July 1, 1983, or the  
36 first of the fiscal year following the date of actual contribution,  
37 whichever is later, to the first of the fiscal year coincident with or  
38 preceding the date the employee leaves municipal service. Such  
39 interest shall be credited at the rate of five per cent per year. In  
40 addition, for the partial year during which the employee leaves  
41 municipal service or withdraws his or her contributions, whichever is  
42 later, interest shall be credited at the rate of five-twelfths of one per  
43 cent multiplied by the full number of months completed during that  
44 year, such interest rate to be applied to the value of contributions  
45 including any prior interest credits as of the first day of that year.

46 (2) Any employee who withdraws his or her contributions from the  
47 fund and is subsequently reinstated shall not receive credit for service  
48 for such prior employment in the computation of his eventual  
49 retirement allowance unless the withdrawn contributions plus interest,  
50 if any, have been repaid with additional interest at a rate to be  
51 determined by the commission.

52       (3) Any municipality which has made contributions on behalf of any  
53 member serving in the armed forces who is not reemployed by the  
54 municipality within six months following the termination of such  
55 service, unless this period is further extended by reason of disability  
56 incurred in such service, shall be entitled to receive from the fund on  
57 application to the Retirement Commission the amount of [such] his or  
58 her contributions. Any municipality which has made contributions in  
59 accordance with subsection (b) of section 7-436b on behalf of any  
60 member who leaves the employment of the municipality and  
61 withdraws from the municipal employees' retirement system before  
62 becoming eligible for retirement shall be entitled to receive from the  
63 fund on application to the Retirement Commission the amount of such  
64 contributions.

65       (4) In case of the death of a member before retirement, who has not  
66 elected a retirement income option in accordance with the provisions  
67 of this part or who has made such election but has not completed the  
68 age and service requirements that would permit him or her to retire on  
69 his or her own application, or after retirement without having made  
70 such election, or in case of the death of the survivor of a member who  
71 has made such election and his or her spouse after a retirement  
72 allowance has become payable, his or her contributions to the fund  
73 plus such five per cent interest, if any, less any retirement allowance  
74 paid to him or her or his or her spouse, and less any retroactive  
75 contributions paid by such member to the Old Age and Survivors  
76 Insurance System which have been paid from the fund under the  
77 provisions of section 7-451, shall be paid from the fund on the order of  
78 the Retirement Commission to the beneficiary or beneficiaries, if any,  
79 named by such member. If no named beneficiaries survive the  
80 member, or the survivor of the member and his or her spouse,  
81 payment shall be made to the executors or administrators of such  
82 member or his or her spouse, as the case may be, except that, if the  
83 amount is less than five hundred dollars, the refund may be made, at  
84 the option of the Retirement Commission, in accordance with the  
85 terms of section 45a-273.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2012</i>	7-440
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**LAB**      *Joint Favorable Subst.*