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## **OLR Bill Analysis**

### **sHB 5400**

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

#### **SUMMARY:**

This bill increases the contribution rate for employees who belong to the Connecticut Municipal Employee Retirement System (CMERS) and reduces the amount of time in which they can withdraw their contributions if they leave the system before retiring.

Under current law, CMERS participants contribute 2.25% of their pay if they will receive Social Security retirement benefits and 5% if they will not. The bill increases the required contribution for participants covered by Social Security to 3.25% on January 1, 2013, 4.25% on January 1, 2014, and 5.00% on January 1, 2015. For participants who are not covered by Social Security, the bill increases the required contribution to 6% on January 1, 2013, and to 7.75% on January 1, 2015.

When a CMERS participant leaves municipal employment prior to becoming eligible to retire, current law gives the participant up to 10 years to withdraw his or her contributions, plus 5% annual interest. After 10 years, the funds revert to the system. Under the bill, the participant has five years to withdraw his or her contributions and interest before they revert to the system. The bill does not specify how this change will affect a former participant's funds that have been left in the system for more than five years but less than 10 years at the time the bill becomes effective.

CMERS, administered by the state retirement commission, is a statewide pension system for municipal employees that municipalities can opt into by agreeing to meet specified financial requirements.

EFFECTIVE DATE: October 1, 2012

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 8 Nay 1 (03/20/2012)