

Chairwoman Osten, Chairman Tercyak, members of the Labor and Public Employee Committee, I am testifying this afternoon in support of Senate Bill 704, "To remedy administrative inconsistencies in the application of eligibility provisions related to the Municipal Employees Retirement Fund."

My name is **Richard Pokorski** and for the past 5 years I have been the Benefits Administrator for the City Hartford. Prior to this, I was the Pensions and Benefits Manager for the City of New Britain for 10 years. As part of my responsibilities at the City of New Britain I counseled employees concerning their earned pension rights at the time of retirement or termination, be they vested or otherwise.

The City of New Britain, like many other cities and towns, are participants in the State's Municipal Employee Retirement Fund administered by the State of Connecticut's Comptroller's Office. Employees retiring through this system are guaranteed certain benefits as they pertain to vesting and pension distributions upon retirement or vested termination.

Under Connecticut's General Statutes, Section 7-438 a former member of the State's municipal retirement system may be re-employed by a non-participating municipality and therefore, will continue to receive their retirement allowance. Since the two pension systems are mutually exclusive of each another, there is no financial impact on the State's Municipal Retirement system.

However, if a member again accepts employment from the same municipality from which he or she was retired or any other participating municipality, such member cannot receive a retirement allowance while employed under the "participating municipality" language.

This historical interpretation recently changed when the Retirement and Benefits Division of the State Comptroller's Office reversed their administrative interpretation.

Now, even though a "participating municipality" may have its own pension system, because it could also incorporate the State's Municipal system along-side, the employee of the participating municipality is prohibited from receiving their earned pension rights from the State Municipal Employee Fund, (even though they are NOT direct participants of the States Municipal Pension System).

As I look back on all the retirements I administered at the City of New Britain, the question had often been asked ... Can I seek new employment from another City or Town and still collect my State MERF pension? My answer was YES, as long as you, the retiree, did not again participate in the State's Municipal Pension System. And so it had always been that pensioners had always been able to receive their rightful pension distributions as long as they were not again, participants of the State's Municipal System.

The new interpretation is inherently unfair for the following reasons:

- 1) I have retired former State Municipal Pension Fund participants, before the new administrative interpretation, who currently receive their State's Municipal pension distribution while being employed under a "participating municipality." This retrospective change in interpretation creates an uneven playing field for participants of the State's Municipal Retirement Fund. Life changing decisions made by fund participants when seeking new employment based upon a previous interpretation of the definition of a "participating municipality" will face the significant negative financial impact when they plan to receive their pension distribution and they are denied. Changing the rules of the game midstream is simply unfair.
- 2) The new interpretation of the statute applies a broad brush approach that also doesn't make financial sense as the retirement systems are separate. One pension system does not affect the other in terms of contributions by both employees and employers. However, what this new interpretation does accomplish is to deny a benefit that is rightly owed, and because it is not, may create a legal challenge for the State of Connecticut to defend.
- 3) No communication, public or otherwise, has been issued interpreting such a change to current participants of the State's Municipal Retirement Fund. Prospective retirees will still assume they can receive their pension distributions as they have in the past and will continue to make the life changing decisions based upon old interpretation. Communication of such administrative changes are paramount if the change is prospective. However, since this was a retroactive change as well, a communication piece was not provided to vested terminated employees either.

Thank you. I am available for your questions.