
OLR Bill Analysis**SB 1033*****AN ACT CONCERNING STATE EMPLOYEE BENEFITS.*****SUMMARY:**

This bill increases the pension benefit for a surviving spouse of a Tier II and IIA employee who (1) dies while still employed by the state or on an authorized leave and (2) has at least 25 years of state service or meets other existing retirement eligibility age and service requirements. It doubles the benefit from 50% of what the retiree's benefit would be to 100% of the benefit.

State employee retirement benefits are exclusively subject to collective bargaining. Therefore, it appears the bill would not have any effect until the current retirement agreement expires in 2022.

The bill codifies a provision of the state employee union pension agreement to include Tier IIA with Tier II in the statutes. Currently, the statutes do not refer to Tier IIA.

EFFECTIVE DATE: October 1, 2013

PRERETIREMENT DEATH BENEFITS FOR SURVIVING SPOUSES

The bill increases the preretirement death benefits for a surviving spouse of a Tier II and IIA employee who dies while employed by the state or on an authorized leave and has at least 25 years of state service or meets other existing retirement eligibility (normal, early, or hazardous duty) age and service requirements. It increases the benefit from what is known as "50% spouse" to "100% spouse."

The 50% spouse benefit means the surviving spouse receives 50% of what would be the retiree's annual benefit. The 100% spouse benefit, means the surviving spouse receives 100% of the retiree's benefit. By law, the couple must have been married for at least one year before the employee's death.

The bill makes the same change for any former state employee who qualifies for retirement benefits but opted to defer his or her benefit starting date. In these cases, the surviving spouse would also receive 100% of the benefit rather than 50%.

State employees are required to choose from a menu of retirement benefit options when they retire. Those who leave state service with enough service for a retirement benefit can choose to defer the starting date of the benefit. The bill applies to those who have not chosen a benefit option.

In addition to 50% spouse and 100% spouse benefits, the other options are: (1) 50% or 100% benefit to a selected beneficiary who is not the retiree's spouse; (2) definite payments over a 10- or 20- year period, chosen by the retiree, with any remaining benefits going to a designated beneficiary if the retiree dies before all the payments are made; and (3) full benefit payable to the retiree with no payments continuing after the retiree's death.

RETIREMENT TIERS AND COLLECTIVE BARGAINING

There are four "tiers" of state employee retirement: Tier I, Tier II, Tier IIA, and Tier III. Each tier is tied to (1) different dates when employees begin working and (2) the different benefits and service requirements (see BACKGROUND).

Tiers I and II exist in statute and Tiers IIA and III exist only in collective bargaining agreements between the state and the employees' union coalition known as SEBAC (State Employees Bargaining Agents' Coalition). Under state law, when law and a state employee union contract conflict on matters that are the subject of collective bargaining, the union contract prevails (CGS § 5-278(e)). Since SEBAC does not provide the enhanced surviving spouse benefit provided under the bill, the bill's provisions apparently would not take effect until after 2022 (when the current SEBAC agreement expires) and therefore would not conflict with the agreement.

BACKGROUND

State Employee Retirement Tiers

Table 1 below shows the state employee retirement tiers and their employment date and service requirements.

Table 1: State Employee Retirement Tiers

	<i>Tier I</i>	<i>Tier II</i>	<i>Tier IIA</i>	<i>Tier III</i>
Dates of Employment	Started before July 1, 1984	Started on or after July 1, 1984 to June 30, 1997	Started on or after July 1, 1997 to June 30, 2011	Started on or after July 1, 2011
Early Retirement	Age 55 with at least 10 years of state service			Age 58 with at least 10 years of state service
Normal Retirement	Age 55 with at least 25 years of service or age 65 with 10 years	Age 60 with at least 25 years of service or age 62 with 10 years		Age 63 with at least 25 years of service or age 65 with 10 years
Hazardous Duty	20 years of service regardless of age			20 years of service and age 50 or 25 years of service regardless of age

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 10 Nay 1 (03/13/2013)