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## **OFA Bill Analysis**

### **sHB 5396**

#### ***AN ACT CONCERNING RETENTION OF THE COPARTICIPANT OPTION UNDER THE TEACHERS' RETIREMENT SYSTEM AFTER DIVORCE.***

#### **SUMMARY:**

The bill allows the Teachers' Retirement System (TRS) member to retain the co-participant option upon divorce so the co-participant may retain the benefit for his or her lifetime.

#### **Co-participant Option**

The Teachers' Retirement System (TRS) offers a retirement payment option called a co-participant option. This option provides the retired member with a reduced benefit and in the event the member dies prior to the co-participant. The co-participant would then receive a benefit for his or her life. In Connecticut, the portion of the pension benefit earned during a marriage is considered to be marital asset subject to division upon a divorce. Under current laws governing the TRS the co-participant option is terminated upon divorce.

EFFECTIVE DATE: July 1, 2014

#### **BACKGROUND**

##### ***Co-participant Option***

Under this payment option the member agrees to take a reduced benefit with the guarantee that upon their death, their co-participant will receive a selected portion of their monthly benefit for life.

A member may choose to have 100%, 75%, 66.6%, 50% or 33.3% of their benefit continue to their co-participant upon their death. The benefit is payable over two lifetimes – the members and their co-participant's. The amount a member will receive will be determined by

the member's age, the age of their co-participant, and the portion of the benefit that they wish to continue to their co-participant.

**COMMITTEE ACTION**

Appropriations Committee

Joint Favorable

Yea 49 Nay 0 (04/01/2014)