



House of Representatives

General Assembly

File No. 588

February Session, 2014

Substitute House Bill No. 5396

House of Representatives, April 16, 2014

The Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

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

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

1 Section 1. Subsection (d) of section 10-183j of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2014*):

4 (d) The benefits payable to such member and such coparticipant
5 shall be computed as follows:

6 (1) The benefit payable to such member at retirement and to such
7 coparticipant upon such member's death shall be the actuarial
8 equivalent of the normal, early, proratable or disability benefit for
9 which such member is eligible and based upon such member's age at
10 retirement and the age of such coparticipant on such retirement date.

11 (2) The benefit payable to such coparticipant of such member who
12 dies after such option first becomes effective but before retirement

13 shall be the actuarial equivalent of the normal, early or proratable
14 benefit for which such member was eligible based on such member's
15 age at death and the age of such coparticipant on such date of death.

16 (3) [The benefit payable to a member whose designated
17 coparticipant dies or is divorced from the member after the effective
18 date of the option but before the retirement or death of such member
19 shall be the normal, early, proratable or disability benefit for which the
20 member is eligible. A] (A) Except as provided in subparagraph (B) of
21 this subdivision, a coparticipant option shall be terminated, for any
22 member whose designated coparticipant dies or is divorced from the
23 member after the member's retirement, on the date of such death or
24 divorce. Such member shall thereupon be paid the normal, early [,] or
25 proratable [or disability] retirement benefit for which the member is
26 eligible. (B) On and after July 1, 2014, the member may retain the
27 coparticipant and coparticipant option elected at the time of retirement
28 by filing a qualified domestic relations order with the board.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2014	10-183j(d)

Statement of Legislative Commissioners:

Subdivision (3) was redrafted into subparagraphs (A) and (B) to clarify that the option under subparagraph (B) is an exception to the provisions of subparagraph (A).

APP *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:** None**Municipal Impact:** None**Explanation**

The bill has no fiscal impact to the Teachers' Retirement Board (TRB) agency budget. The bill allows members of the Teachers' Retirement System (TRS) to maintain the co-participant retirement payment option after divorce. Since all retirement payment options are actuarially equal, allowing members to maintain the co-participant option after divorce has no fiscal impact.

The Out Years**State Impact:** None**Municipal Impact:** None*Sources: Teachers' Retirement Board website*

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)