



House of Representatives

General Assembly

File No. 589

February Session, 2014

House Bill No. 5397

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 bill ought to pass.

AN ACT CONCERNING INTEREST ON UNCLAIMED CONTRIBUTIONS FOR INACTIVE MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM AND ELIMINATING CERTAIN OBSOLETE LANGUAGE.

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

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 Section 10-183ee of the general statutes is repealed and the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

3 (a) After at least twenty-five years have elapsed since a [member]
4 vested member or ten years have elapsed since a nonvested member of
5 the teachers' retirement system ceased to be a teacher for any cause
6 other than death or retirement or two years have elapsed from the date
7 any other person became entitled to a benefit pursuant to this chapter,
8 the Teachers' Retirement Board shall send a statement to such member
9 or such person at the last known address of the person setting forth the
10 amount of the accumulated contributions or other benefits standing to
11 the credit of such person. The statement shall give notice to such
12 person that unless payment is demanded of said amount prior to a

13 date at least ninety days from the date the notice is given, the amount
 14 will be deemed abandoned and [will be transferred by the retirement
 15 board to the pension reserve account within the Teachers' Retirement
 16 Fund] no further interest shall be credited to said amount.

17 (b) Any accumulated contributions or other benefits so deemed
 18 abandoned [and transferred to the pension reserve account] may be
 19 claimed by the person entitled to the accumulated contributions or
 20 other benefits, or in the event of his death, by his estate or by such
 21 person or persons as he shall have nominated to receive such
 22 accumulated contributions, by filing a claim with the retirement board
 23 in such form and in such manner as may be prescribed by the
 24 retirement board, seeking the return of such abandoned accumulated
 25 contributions or other benefits without interest. In the event such claim
 26 is properly made the retirement board shall pay over to the person or
 27 persons or estate making such claim the amount of such accumulated
 28 contributions or other benefits without interest. [The payment shall be
 29 made from the pension reserve account.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2014</i>	10-183ee

APP *Joint Favorable*

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:

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Teachers' Retirement Bd.	Teachers' Retirement Fund - Revenue Gain	Minimal	Minimal

Municipal Impact: None

Explanation

The bill has no fiscal impact to the Teachers' Retirement Board (TRB) agency budget. The bill reduces the period of time the Teachers' Retirement System (TRS) credits interest on non-vested members' contributions from 25 years to ten years. This would result in less interest being paid to non-vested members who are not eligible for a benefit. The interest on these unclaimed contributions, which is minimal relative to the assets of the fund, would now accrue to the fund after ten years instead of 25 years.

The Out Years

State Impact: None

Municipal Impact: None

OFA Bill Analysis**HB 5397*****AN ACT CONCERNING INTEREST ON UNCLAIMED CONTRIBUTIONS FOR INACTIVE MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM AND ELIMINATING CERTAIN OBSOLETE LANGUAGE.*****SUMMARY:**

The bill allows the Teachers' Retirement System to cease crediting interest on inactive non-vested member contributions after ten years of inactivity rather than the current 25 years. The bill also deletes a reference to an obsolete pension reserve account that ceased to exist many years ago.

EFFECTIVE DATE: July 1, 2014

COMMITTEE ACTION

Appropriations Committee

Joint Favorable

Yea 49 Nay 0 (04/01/2014)