



Senate

General Assembly

File No. 689

February Session, 2016

Senate Bill No. 267

Senate, April 21, 2016

The Committee on Appropriations reported through SEN. BYE of the 5th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT MAKING CHANGES TO THE TEACHERS' RETIREMENT SYSTEM TO ALLOW RETENTION OF THE PLAN D COPARTICIPANT OPTION AFTER DIVORCE AND TO CEASE CREDITING INTEREST ON CERTAIN INACTIVE, NONVESTED MEMBERS, AND ELIMINATING CERTAIN OBSOLETE LANGUAGE.

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2 repealed and the following is substituted in lieu thereof (*Effective July*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, 2016*):

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 [] or proratable [or disability] benefit
9 for which such member is eligible and based upon such member's age
10 at retirement and the age of such coparticipant on such retirement
11 date.

12 (2) The benefit payable to such coparticipant of such member who
13 dies after such option first becomes effective but before retirement
14 shall be the actuarial equivalent of the normal, early or proratable
15 benefit for which such member was eligible based on such member's
16 age at death and the age of such coparticipant on such date of death.

17 (3) [The benefit payable to a member whose designated
18 coparticipant dies or is divorced from the member after the effective
19 date of the option but before the retirement or death of such member
20 shall be the normal, early, proratable or disability benefit for which the
21 member is eligible. A] (A) Except as provided in subparagraph (B) of
22 this subdivision, a coparticipant option shall be terminated, for any
23 member whose designated coparticipant dies or is divorced from the
24 member after the member's retirement, on the date of such death or
25 divorce. Such member shall thereupon be paid the normal, early [,] or
26 proratable [or disability] retirement benefit for which the member is
27 eligible. (B) On and after July 1, 2016, upon the divorce of a member
28 and such member's designated coparticipant subsequent to the
29 member's retirement, the member may retain the coparticipant
30 designation and the coparticipant option elected at the time of
31 retirement by filing a qualified domestic relations order with the
32 board.

33 Sec. 2. Section 10-183ee of the general statutes is repealed and the
34 following is substituted in lieu thereof (*Effective July 1, 2016*):

35 (a) After at least twenty-five years have elapsed since a [member]
36 vested member, or ten years have elapsed since a nonvested member,
37 of the teachers' retirement system ceased to be a teacher for any cause
38 other than death or retirement or two years have elapsed from the date
39 any other person became entitled to a benefit pursuant to this chapter,
40 the Teachers' Retirement Board shall send a statement to such member
41 or such person at the last known address of the person setting forth the
42 amount of the accumulated contributions or other benefits standing to
43 the credit of such person. The statement shall give notice to such
44 person that unless payment is demanded of said amount prior to a

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

49 (b) Any accumulated contributions or other benefits so deemed
 50 abandoned [and transferred to the pension reserve account] may be
 51 claimed by the person entitled to the accumulated contributions or
 52 other benefits, or in the event of his death, by his estate or by such
 53 person or persons as he shall have nominated to receive such
 54 accumulated contributions, by filing a claim with the retirement board
 55 in such form and in such manner as may be prescribed by the
 56 retirement board, seeking the return of such abandoned accumulated
 57 contributions or other benefits. [without interest.] In the event such
 58 claim is properly made the retirement board shall pay over to the
 59 person or persons or estate making such claim the amount of such
 60 accumulated contributions or other benefits. [without interest. The
 61 payment shall be made from the pension reserve account.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	10-183j(d)
Sec. 2	<i>July 1, 2016</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 17 \$	FY 18 \$
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.

Section 1 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.

Section 2 reduces the period of time the 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

The annualized ongoing impact identified above would continue into the future subject to inflation.

OFA Bill Analysis**SB 267*****AN ACT MAKING CHANGES TO THE TEACHERS' RETIREMENT SYSTEM TO ALLOW RETENTION OF THE PLAN D COPARTICIPANT OPTION AFTER DIVORCE AND TO CEASE CREDITING INTEREST ON CERTAIN INACTIVE, NONVESTED MEMBERS, AND ELIMINATING CERTAIN OBSOLETE LANGUAGE.*****SUMMARY:**

The bill allows a 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.

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.

EFFECTIVE DATE: July 1, 2016

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 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 a marital asset subject to division upon a divorce. Under current laws governing the TRS the co-participant option is terminated upon divorce.

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 member's 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 55 Nay 0 04/7/2016