
OLR Bill Analysis

sSB 978

AN ACT CONCERNING TEACHERS' RETIREMENT SYSTEM CONTRIBUTIONS.

SUMMARY

This bill exempts certain state employees from paying 1.25% of their salary toward retiree health insurance as part of the mandatory contributions for the state Teachers Retirement System (TRS) (see BACKGROUND). While nearly all state employees are members of the State Employee Retirement System (SERS) and as such pay 3% of salary for 10 or 15 years for SERS retiree health insurance, some are members of the TRS, the state-run retirement system for teachers (who typically work for local boards of education). State employees who are members of TRS are mostly employed at the State Department of Education, the Connecticut Technical Education and Career System (CTECS), and in the Department of Correction's education system for inmates, Unified School District #1.

The bill exempts two types of state employees from paying the 1.25% of salary health contribution into the TRS:

1. CTECS employees who (a) completed the vesting service necessary to receive the health benefits provided to retired state employees (usually 10 years of service), and (b) do not participate in any TRS group health insurance plans for retired teachers; and
2. executive branch state employees who do not participate in the TRS.

It is not clear how the second item above applies, since those who do not participate in the TRS should not be charged for TRS retiree health coverage.

EFFECTIVE DATE: October 1, 2019

BACKGROUND

TRS Employee Contributions

In TRS, active members must pay 7% of salary toward their retirement benefit and an additional 1.25% for retiree health insurance.

SERS Employee Contributions for Retiree Health

In SERS, active members pay 3% of their salary for retiree health insurance for 10 years, except employees hired after July 1, 2017, (i.e., Tier IV employees) must make this contribution for 15 years. (The amount they pay for their retirement benefit varies depending upon what tier they are in and whether they are hazardous duty.)

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/14/2019)