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## **OLR Bill Analysis**

**sSB 978 (File 328, as amended by Senate "A")\***

### ***AN ACT CONCERNING TEACHERS' RETIREMENT SYSTEM CONTRIBUTIONS.***

#### **SUMMARY**

Beginning January 1, 2020, this bill exempts state employees from paying a mandatory contribution of 1.25% of their salary towards Teachers' Retirement System (TRS) retiree health insurance if they (1) have completed the vesting service necessary to receive the health benefits provided to retired state employees, and (2) do not participate in any TRS group health insurance plans for retired teachers (see BACKGROUND).

While nearly all state employees are members of the State Employee Retirement System (SERS) and as such pay 3% of their 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). Under current law, TRS members receiving benefits through SERS retiree health insurance must still contribute towards TRS health benefits.

The bill specifies it does not affect an employee's obligation to contribute to the state retiree health care trust fund.

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.

\*Senate Amendment "A" (1) expands the exemption to all state employees, instead of only executive branch employees and employees of the CTECS and (2) specifies that the bill does not affect an employee's financial obligations to the state retiree health care trust fund.

EFFECTIVE DATE: October 1, 2019

**BACKGROUND**

***TRS Employee Contributions***

In TRS, active members must pay 7% of their 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)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 47 Nay 0 (05/14/2019)