

OFFICE OF FISCAL ANALYSIS

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sSB-978

AN ACT CONCERNING TEACHERS' RETIREMENT SYSTEM CONTRIBUTIONS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Teachers' Retirement Bd.	Teachers' Retirement Fund (retiree health account) - Revenue Loss	less than \$600,000	less than \$600,000

Municipal Impact: None

Explanation

The bill allows eligible state employee members of the Teachers' Retirement System (TRS) to stop making the 1.25% TRS retiree health contribution. This could result in an annualized revenue loss of less than \$600,000 to the Teachers' Retirement Fund (retiree health account) in FY 20 and FY 21 to the extent that state employee members of the TRS¹ no longer have to make the contribution toward retiree health insurance. The exact number of TRS members who are eligible to stop contributing as a result of the bill is not known at this time.

The bill has no fiscal impact to the Teachers' Retirement Board (TRB) retiree health accounts, which fund the state's one-third share of the TRB retiree health plan and retiree health subsidy. The active teacher contributions of 1.25% fund one-third of the TRB retiree health

¹In FY 18 there were approximately 51,000 TRS active members and less than 1,000 were state employees.

plan and two-thirds of the retiree health subsidy. The FY 18 total active teacher contribution resulted in \$51.5 million in revenue to the retiree health account. State employees in the TRS represent approximately 1% of the total active membership and contributed approximately \$600,000 to the retiree health account.

The Out Years

The revenue loss to the retiree health account will continue in the out years subject to the number of TRS members eligible not to make the retiree health contribution and their pensionable salary.

Sources: Core-CT Financial Accounting System