OLR Bill Analysis
SB 867

AN ACT CONCERNING INVESTMENT OF CERTAIN MUNICIPAL FUNDS.

SUMMARY

This bill allows a municipality that does not participate in the Connecticut Municipal Employees Retirement System (CMERS) to invest its retirement system’s assets with the state’s combined retirement plans and trust funds that are administered, held, or invested by the state treasurer (i.e., the Connecticut Retirement Plans and Trust Funds).

The bill authorizes the treasurer to adopt regulations to allow for the funds’ investment. The investment and management of the trust’s assets must comply with the prudent investor standard, as existing law requires for municipalities managing their own pension, retirement, or other postemployment health and life benefit systems.

The bill places these retirement systems’ trust funds under the same oversight and requirements established in the trust statutes for funds that include the Teachers’ Pension Fund, the State Employee Retirement Fund, and the Connecticut Municipal Employees’ Retirement Fund. As this change applies to all such retirement systems’ trust funds, and not only those that are invested by the treasurer pursuant to the bill, it is unclear what effect, if any, it will have.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: Upon passage

BACKGROUND

Connecticut Municipal Employees Retirement System (CMERS)

CMERS is the optional municipal retirement system administered
by the State Retirement Commission and the state treasurer is responsible for its investment (CGS chapter 113). Membership includes over 200 employee groups from more than 80 municipalities (e.g., a single town may have separate groups for police officers, firefighters, general town employees, and housing authority employees).

**Prudent Investor Standard**

Under Connecticut law, trustees must follow certain standards when investing and managing trust assets when the trust provisions are not explicit. For example, trustees must invest and manage assets as “prudent investors” would and use any special skills or expertise they have (CGS § 45a-541 et seq.).

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea 26  Nay 0  (03/02/2021)