

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL

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HARTFORD, CONNECTICUT 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

May 29, 2014

Governor Dannel P. Malloy
State Capitol
Hartford, Connecticut

Dear Governor Malloy:

In accordance with Section 2-90 of the Connecticut General Statutes, we are reporting to you the following matter:

During the course of our audit at the Teachers' Retirement Board (Board), we noted that the Board has failed to comply with statutory requirements for notifying certain beneficiaries designated by plan members.

Sections 10-183g subsection (h) and 10-183h subsection (e) of the General Statutes provide for a lump sum payment to a beneficiary when excess accumulated contributions remain in a deceased member's account, as determined by the provisions of the respective sections. Section 10-183ee of the General Statutes states that, two years after a beneficiary becomes entitled to collect a benefit, the Board shall send a statement of the benefit amount to the beneficiary's last known address.

However, the Board does not obtain the address of beneficiaries at the time of designation; therefore it does not have a valid address on file for many of the designated beneficiaries. Furthermore, the Board does not make any attempts to locate beneficiaries. As a result, the Teachers' Retirement Board is not in compliance with the notice requirements of section 10-183ee of the General Statutes or the payment requirements of sections 10-183g and 10-183h of the General Statutes.

We noted one such case in which approximately \$192,000 of accumulated contributions were on hand for one deceased plan member's designated beneficiary. The plan member died in 2009, and as of April of 2014, no attempts had been made to contact the designated beneficiary, who is due this amount.

Since the Board does not track beneficiaries entitled to benefits, we are not able to determine the number or total dollar value of cases that exist. However, due to the amount of active and inactive members of the fund, it is reasonable to believe that there are additional cases.

Sincerely,



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts

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cc: Teachers' Retirement Board
Attorney General George C. Jepsen
Comptroller Kevin Lembo
Treasurer Denise L. Nappier
Clerk of the Senate
Clerk of the House
Legislative Program Review and Investigations Committee
Legislative Management Committee
Stephen Eckels, Deputy State Auditor
Thomas Willametz, Administrative Auditor