

# **Connecticut State Employees Retirement Commission**

## *At a Glance*

**PETER R. BLUM, Chairman**

**KEVIN LEMBO, Secretary Ex Officio**

**DENISE NAPPIER, Ex Officio**

**Established - 1939**

**Statutory authority - Chapters 65, 66, 104, 113, 774, 872, 886, pension agreement**

**Central office - 55 Elm Street**

**Hartford, CT 06106**

***Organizational structure -***

The Connecticut State Employees Retirement Commission as of June 30, 2014 consisted of fourteen Commissioners: Peter R. Blum, Chairman; Robert Baus, Actuarial Trustee; Sandra Fae Brown-Brewton, Management Trustee; Michael Carey, Management Trustee; Charles Casella, Employee Trustee; Robert D. Coffey, Management Trustee; Richard Cosgrove, Jr., Management Trustee; vacant seat, Management Trustee; Paul Fortier, Employee Trustee; Stephen Greatorex, Employee Trustee; Salvatore Luciano, Employee Trustee; Laila Mandour, Employee Trustee; Ron McLellan, Employee Trustee; Claude Poulin, Actuarial Trustee; Linda J. Yelmini, Management Trustee

**The operating agency for the Commission is the Retirement Services Division of the Comptroller's Office – Brenda K. Halpin, Director**

## **Statutory Responsibility**

The Connecticut State Employees Retirement Commission oversees the State Employees Retirement System; the Alternative Retirement Program for eligible employees of the Board of Higher Education; the Connecticut Municipal Employees Retirement System A and B; the State's Attorneys Retirement System; Public Defenders Retirement System; Special Statutory Retirement Benefits; the Judges, Family Support Magistrates and Compensation Commission Retirement System; and the Connecticut Probate Judges and Employees Retirement System.

## **Improvements/Achievements 2013-2014**

During the year the Commission met and ruled on a total of 2,135 retirement applications and additional matters relating to the administration of the retirement systems. In addition, the Medical Examining Board considered 215 disability retirement

applications for State Employees Retirement System (SERS) members and 21 disability retirement applications for Municipal Employees Retirement System (MERS) members; of this number 184 SERS members' disability retirements and 21 MERS members' disability retirements were approved.

## **Information Reported as Required by State Statute State Employees Retirement System**

The statement of operations of the State Employees Retirement System for the fiscal year ended June 30, 2014 is as follows:

<b>Assets at Cost – July 1, 2013</b>	<b>\$6,401,691,511</b>
<b><u>Receipts</u></b>	
Employee Contributions	\$ 144,752,152
Bargaining Unit Contributions	\$ 54,464
Federal and other Reimbursements	\$ 354,197,474
Transfers to Higher Education	\$ (109,678,839)
State Retirement Contribution Payments – General Fund	\$ 916,024,145
State Retirement Contribution Payments – Transportation Fund	\$ 108,347,033
Interest and Investment Income	\$ 83,536,342
Gain on Sale of Investments	\$ 174,407,268
<b><u>Disbursements:</u></b>	
Refunds on Termination, or Death	\$ 3,935,121
Retirement Allowances Paid	\$1,563,029,412
Interest Paid on Finalizations	\$ 838,846
Interest Awarded	\$ 2,754,627
Banking Service Charges	\$ 23,231
Professional Services	\$ 351,354
Retirement Commission Services	\$ 346,816
Loss of Sale of Investments	\$ 9,448,790
<b>Net Assets Cost – June 30, 2014</b>	<b>\$6,492,603,353</b>

The State is continuing to fund these retirement benefits under the funding plan established by the 1971 General Assembly, as modified by Public Act 83-533 and the 1988-1994 Pension Arbitration Award, and subsequent collective bargaining agreements with the State Employees Bargaining Agent Coalition (SEBAC).

Approximately 49,913 active and 1,638 inactive (vested) employees were members as of June 30, 2014.

On February 22, 2012 the Commission provided certification to the General Assembly based upon the actuary's recommendation, and in accordance with the SEBAC 2011 agreement which included changes to existing SERS provisions as well as the introduction of two new SERS plans. Additional discussions were held concerning improvement of the SERS

funding, the State and SEBAC agreed to eliminate reductions made to the actuarial required employer contribution pursuant to the SEBAC IV and V agreements. An interim valuation report as of June 30, 2011 was provided with revised determinations of the Fiscal Years 2012 and 2013 funding requirements previously certified to the General Assembly in November 2010, the following changes were made:

Revised Certification of the State Employer's funding requirement for FY 2014	\$ 926,371,702
Revised Certification of the State Employer's funding requirement for FY 2015	\$ 1,059,651,932

Note: the State Employer will be reimbursed for a portion of these funding costs by the federal government and state funds other than the General Fund.

### **Police and Firemen Survivors Benefit Fund**

This fund was established in 1963 under chapter 104 of the General Statutes, and is administered by the state as an adjunct of the Municipal Employees' Retirement System. The primary objective of the fund is to provide benefits for surviving dependents of deceased municipal policemen and firemen which elect to join this fund. Employees contribute 1% of their yearly compensation and the municipality contributes an additional premium payment. Seven (7) municipalities were participating as of June 30, 2014. There are 596 employees who are members of this Fund and 107 dependents of deceased employees receiving survivor benefits.

### **Federal Old –Age, Survivors, Disability and Health Insurance**

Under chapters 66 and 113 of the General Statutes, the Retirement Commission is authorized to act as agent for the state in all matters relating to social security executed under Section 218 of the Social Security Act. In this capacity, the Commission extended Social Security coverage to additional employees of several political subdivisions of the State. The Commission also provides information material to state and municipal officials concerning social security coverage of public officers and employees under the provisions of federal and state laws and regulations. Referendums among members of retirement systems are supervised. Guidance in maintaining records, filing reports, and making payments is also provided.

Effective January 5, 2011, PA 09-114 (SHB 6385), *An Act Concerning Probate Court Reforms and Establishing a Probate Redistricting Commission*, establishes a new method of funding probate courts and compensating probate court judges and a process for consolidating and reorganizing the probate court system. As a result of this process, there are currently 54 probate courts: 23 courts which remain the same as they were prior to the consolidation and 31 new courts. A new court resulting from the redistricting plan is generally comprised of two or more formerly independent courts. As this was considered to be a "new" entity, a formal request for social security coverage had to be received and processed from each court.

## **Connecticut Municipal Employees Retirement System**

Authorized under chapter 113, part II of the General Statutes, the Connecticut Municipal Employees' Retirement System (CMERS) was established to provide a sound and efficient system for the payment of retirement benefits to municipal employees. On being hired by a participating municipality, municipal employees automatically become members of the system. Deductions are made by the municipality for each eligible employee, recorded in the member's account, and deposited with the state treasurer. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members. By statute, members may purchase additional benefits for military and prior service with a participating municipality. Members may obtain a refund of contributions without interest upon resigning from municipal service.

MERS provided two retirement plans with separate funds for those political subdivisions, which elect to participate. Fund "A" applies to the benefits established in 1945 and formally ended in 1993 with the enactment of PA. 93-356; thus there were no municipalities participating in Fund "A" as of June 30, 2014. Fund "B" applies to the benefits established in 1947 as amended to date. There are 2 different "plans" in Fund B: one for employers covered by social security ("Part B") and one for employers whose employees are not covered by social security ("Part A"). There were 213 agencies, departments and units from 102 municipalities participating in Fund "B" as of June 30, 2014. Active membership was 9,184 with 6,466 retirees and 598 contingent annuitants (optionees) receiving benefits.

The CMERS system is supported solely by the contributions of the municipalities and the employees, with no contributions by the State. The rates of contribution by the municipalities are adjusted periodically in such a way that the assets of the funds, together with the present value of future contributions for which the municipalities are obligated, are kept approximately equal to the liabilities in order to maintain the funding on a sound actuarial basis. As of July 1, 2011, the last full valuation, the funding level was 85.03% determined as the ratio of the actuarial value of assets over the total accrued liability. Copies of the valuations are located on Office of the State Comptroller's website at <http://www.osc.ct.gov/rbsd/cmers/plandoc/index.html#Plan>

Public Act 83-383 provides a continuing cost-of-living adjustment (COLA) for municipal employees retirees, payable commencing each July first, if retired for disability, otherwise on the first of July following attainment of age 65 if retired prior to January 1, 2002, at a variable rate, not to exceed 5 percent, based on the assets and liabilities of the fund, provided no COLA adjustment is less than 3 percent. Public Act 01-80 provides municipal employees retiring on and after January 1, 2002 with a COLA on the first July 1 following their retirement date. The COLA ranges from 2.5 percent to 6 percent and is based on a formula tied to changes in the consumer price index. Public Act 01-80 allows municipal employees who retired before January 1, 2002 , and before they turn 65, to receive a 2.5 percent COLA beginning July 1, 2002; on the first July 1 following such retired employees' 65<sup>th</sup> birthdays, the COLA reverts to the 3-5 percent COLA.

CMERS has an interactive “self-help” retirement counseling workshop and on-line benefit estimator for its members which are located on the Office of the State Comptroller website. The goal is to provide the employee with a general explanation of the most important CMERS retirement issues and to provide the employee with an estimate of his or her benefit at retirement. An *Employers’ Guide to CMERS* is available to provide employers and their benefit, human resource, payroll, and personnel directors with relevant CMERS information. The Guide is located on the Comptroller’s website.

### **Connecticut Probate Judges and Employees Retirement System**

Connecticut's Probate Judges & Employees Retirement System is the public pension plan provided by the State of Connecticut for Judges and employees of the Connecticut Probate Court System. The Probate Judges and Employees Retirement Fund was established under Public Act 67-558 and became effective on January 1, 1968 and is governed by Connecticut General Statutes Title 45a, Chapter 801, Part III.

As of June 30, 2014 this system had 345 active members, with 278 retirees and 32 widows (ers) receiving benefits.

### **State’s Attorney Retirement System**

Under the terms of Sections 51-49, 51-278, 51-287 and 51-288 of the Connecticut General Statutes, the State’s Attorneys Retirement System provides for income to certain retired state’s attorneys and widows (ers) of state’s attorneys. As of June 30, 2014 this system had 4 active members, with 12 retirees and 4 widows (ers) receiving benefits.

### **Judges, Family Support Magistrates, and Compensation Commissioners Retirement System**

Under the terms of Sections 51-49 through 51-50b and 51-51 of the Connecticut General Statutes, the Judges, Family Support Magistrates, and Compensation Commissioners Retirement System provides retirement income for judges, family support magistrates, compensation commissioners and their widows (ers). Public Act 81-46, effective October 1, 1981, established the Judges Retirement Fund and provided for the funding of the retirement system on an actuarial reserve basis; prior to this date the retirement system for judges and compensation commissioners was an unfunded system with retirement benefits paid from legislative appropriations through a General Fund appropriate account within the Judicial Department for judges and from the Comptroller’s General Fund appropriation for “Pensions and Retirements – Other Statutory” for commissioners and their surviving spouse and the surviving spouses of judges. Public Act 92-226 extended the provision of the system to include family support magistrates.

As of June 30, 2014 this system had 188 active members with 144 retired judges, 2 retired compensation commissioners, 6 family support magistrate, 77 widows (ers) of judges and 2 widows (ers) of a family support magistrate receiving benefits, 3 widows (ers) of a compensation commissioner receiving benefits, and 1 judge in terminated vested status.

### **Public Defender Retirement System**

Public Act 84-421, effective July 1, 1985, created the Public Defenders Retirement System to provide retirement income for certain retired public defenders and widows (ers) of public defenders. As of June 30, 2014 this system had 3 active members with 3 retirees and 2 widows (ers) receiving benefits.

### **Pension and Retirement – Other Statutory**

Certain statutes provide retirement income for former governors and widows (ers) of former governors, retired county employees, retired law librarians and provisions for certain individuals as stipulated in special acts passed by the General Assembly. As of June 30, 2014 there are 2 governors and 2 governors' spouses receiving benefits; there is 1 individual receiving benefits pursuant to special acts by the General Assembly from 1961 and 1965.