



## Agency Legislative Proposal - 2015 Session

**Document Name** (e.g. OPM1015Budget.doc;  
TRB2015\_TRB2\_TechRev.

(If submitting an electronically, please label with date, agency, and title of proposal – 092611\_SDE\_TechRevisions)

State Agency:

Teachers' Retirement Board

Liaison: Darlene Perez

Phone: 860-241-8401

E-mail: darlene.perez@ct.gov

Lead agency division requesting this proposal:

Teachers' Retirement Board

Agency Analyst/Drafter of Proposal:

Darlene Perez

### Title of Proposal

An Act Concerning Interest For Inactive Non Vested Members and Language Regarding An Obsolete Pension Reserve Account

### Statutory Reference

Sec. 10-183ee.

**Proposal Summary:** This proposal would allow us to cease crediting interest on inactive non vested members after ten years of inactivity rather than 25 years of inactivity and would delete statutory language reference regarding an obsolete pension reserve account that ceased to exist decades ago.

*Please attach a copy of fully drafted bill (required for review)*

## PROPOSAL BACKGROUND

- **Reason for Proposal**

*Please consider the following, if applicable:*

(1) *Have there been changes in federal/state/local laws and regulations that make this legislation necessary?*

(2) *Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?*

Yes. Increase in inactive member withdrawals, reducing the administrative burden associated with maintaining accounts for non vested members. Eliminates need for issuance of annual member statement and future notices regarding minimum distribution requirements at the Internal Revenue Service specific age and time. Allows members to access account before it is "forgotten" and left abandoned. Increases compliance with Internal Revenue Code Minimum Distribution Requirement Rule, provided inactive member withdrawals once we cease posting interest on their account.

(3) *Have certain constituencies called for this action?*



(4) *What would happen if this was not enacted in law this session?*

- **Origin of Proposal**    \_\_\_ New Proposal    \_\_\_X\_ Resubmission

*If this is a resubmission, please share:*

- (1) *What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?*  
The proposal passed the House but did not pass in the Senate.
- (2) *Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?*
- (3) *Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?*
- (4) *What was the last action taken during the past legislative session?*

## PROPOSAL IMPACT

- **Agencies Affected** (please list for each affected agency)

Agency Name: none

Agency Contact (name, title, phone):

Date Contacted:

Approve of Proposal    \_\_\_ YES    \_\_\_ NO    \_\_\_ Talks Ongoing

### Summary of Affected Agency's Comments

Will there need to be further negotiation?    \_\_\_ YES    \_\_\_ NO

- **Fiscal Impact** (please include the proposal section that causes the fiscal impact and the anticipated impact)

**Municipal** (please include any municipal mandate that can be found within legislation)

None

**State**

None

**Federal**

None

Additional notes on fiscal impact



- **Policy and Programmatic Impacts** (Please specify the proposal section associated with the impact)

**Insert fully drafted bill here**

Revise Section 10-183ee as follows:

**Sec. 10-183ee. Unclaimed contributions transferred to pension reserve account.**

**Procedure for claiming.** (a) After at least twenty-five years have elapsed since [a member] a vested member or ten years have elapsed since a nonvested member of the teachers' retirement system ceased to be a teacher for any cause other than death or retirement or two years have elapsed from the date any other person became entitled to a benefit pursuant to this chapter, the Teachers' Retirement Board shall send a statement to such member or such person at the last known address of the person setting forth the amount of the accumulated contributions or other benefits standing to the credit of such person. The statement shall give notice to such person that unless payment is demanded of said amount prior to a date at least ninety days from the date the notice is given, the amount will be deemed abandoned and [will be transferred by the retirement board to the pension reserve account within the Teachers' Retirement Fund] no further interest shall be credited to said amount.

(b) Any accumulated contributions or other benefits so deemed abandoned [and transferred to the pension reserve account] may be claimed by the person entitled to the accumulated contributions or other benefits, or in the event of his death, by his estate or by such person or persons as he shall have nominated to receive such accumulated contributions, by filing a claim with the retirement board in such form and in such manner as may be prescribed by the retirement board, seeking the return of such abandoned accumulated contributions or other benefits without interest. In the event such claim is properly made the retirement board shall pay over to the person or persons or estate making such claim the amount of such accumulated contributions or other benefits without interest. [The payment shall be made from the pension reserve account.]

***Statement of Purpose:***

To cease crediting interest on unclaimed contributions for inactive members of the teachers' retirement system and to eliminate obsolete language concerning the pension reserve account.



## Agency Legislative Proposal - 2015 Session

**Document Name** (e.g. OPM1015Budget.doc;  
TRB2015\_TRB1\_TechRev.

(If submitting an electronically, please label with date, agency, and title of proposal – 092611\_SDE\_TechRevisions)

State Agency:

Teachers' Retirement Board

Liaison: Darlene Perez

Phone: 860-241-8401

E-mail: darlene.perez@ct.gov

Lead agency division requesting this proposal:

Teachers' Retirement Board

Agency Analyst/Drafter of Proposal:

Darlene Perez

### Title of Proposal

An Act Concerning Eliminating The Cap For Professional Service Fees Paid Out of The Teachers' Retirement Health Fund

### Statutory Reference

Chapter 167a\*, Sec. 10-183t(d) and **Sec. 10-183r**

**Proposal Summary:** The current annual amount allowed, as proposed by TRB and passed by the General Assembly, is \$150,000. This amount is not consistent with the current market even for the limited professional services we had in mind at the time. When running a health plan a Best Practice is to arrange for claim audits on the claims we hire vendor to process. We plan to charge the claim audits as an expense item to the Health Fund. Given the changing landscape with respect to health insurance and the changing needs of operating health insurance plans, the agency believes it is best not to impose a statutory ceiling on the cost of professional services. The agency follows the State of Connecticut purchasing guidelines established by the Office of Policy and Management, with all the "embedded" fiduciary oversight those guidelines require.

*Please attach a copy of fully drafted bill (required for review)*

## PROPOSAL BACKGROUND

- **Reason for Proposal**

*Please consider the following, if applicable:*

- (5) *Have there been changes in federal/state/local laws and regulations that make this legislation necessary?*
- (6) *Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?*

Yes. Increase in inactive member withdrawals, reducing the administrative burden associated with maintaining accounts for non vested members. Eliminates need for issuance of annual member statement and future notices regarding minimum distribution requirements at the Internal



Revenue Service specific age and time. Allows members to access account before it is “forgotten” and left abandoned. Increases compliance with Internal Revenue Code Minimum Distribution Requirement Rule, provided inactive member withdrawals once we cease posting interest on their account.

(7) *Have certain constituencies called for this action?*  
 (8) *What would happen if this was not enacted in law this session?*

- **Origin of Proposal**      \_\_\_ New Proposal      \_\_\_X\_ Resubmission

*If this is a resubmission, please share:*

(5) *What was the reason this proposal did not pass, or if applicable, was not included in the Administration’s package?*  
 The proposal passed the House but did not pass in the Senate.

(6) *Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?*  
 (7) *Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?*  
 (8) *What was the last action taken during the past legislative session?*

**PROPOSAL IMPACT**

- **Agencies Affected** (please list for each affected agency)

Agency Name: none  
 Agency Contact (name, title, phone):  
 Date Contacted:

Approve of Proposal    \_\_\_ YES    \_\_\_ NO    \_\_\_ Talks Ongoing

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**Summary of Affected Agency’s Comments**

  
  
  


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Will there need to be further negotiation? \_\_\_ YES    \_\_\_ NO

- **Fiscal Impact** (please include the proposal section that causes the fiscal impact and the anticipated impact)

**Municipal** (please include any municipal mandate that can be found within legislation)  
 None

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**State**  
 Savings of approximately \$100,000 - \$200,000 per year for health plan claim audits

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**Federal**  
 None

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Additional notes on fiscal impact



- **Policy and Programmatic Impacts** (Please specify the proposal section associated with the impact)

**Insert fully drafted bill here**

Amend Sec. 10-183t(d) as follows:

**Sec. 10-183t. Health insurance: Plans maintained by Teachers' Retirement Board and boards of education; state payment of premiums on behalf of members; use of one per cent voluntary contributions.** (d) The Treasurer shall establish a separate retired teachers' health insurance premium account within the Teachers' Retirement Fund. Commencing July 1, 1989, and annually thereafter all health benefit plan contributions withheld under this chapter in excess of five hundred thousand dollars shall, upon deposit in the Teachers' Retirement Fund, be credited to such account. Interest derived from the investment of funds in the account shall be credited to the account. Funds in the account shall be used for (1) payments to boards of education pursuant to subsection (c) of this section and for payment of premiums on behalf of members, spouses of members, surviving spouses of members or disabled dependents of members participating in one or more health insurance plans pursuant to subsection (a) of this section in an amount equal to the difference between the amount paid pursuant to subsection (a) of this section and the amount paid pursuant to subsection (c) of this section, and (2) payments for professional fees associated with the administration of the health benefit plans offered pursuant to this section **[of not more than one hundred fifty thousand dollars annually]**. If, during any fiscal year, there are insufficient funds in the account for the purposes of all such payments, the General Assembly shall appropriate sufficient funds to the account for such purpose.

Amend Section 10-183r as follows:

**Sec. 10-183r. Funding of system. Payment of administration expenses, benefit costs and professional fees for administration of health benefit plans.** The system shall be funded as follows:



(1) Except as provided in subdivision (3) of this subsection, all expenses of the administration of the system, exclusive of payment of benefits, shall be paid for out of amounts appropriated by the General Assembly on certifications and recommendations submitted by the board.

(2) The cost of all benefits payable from the system shall be paid out of the retirement fund which shall consist of contributions paid by members, appropriations by the General Assembly based upon certifications and recommendations submitted by the board, the proceeds of bonds held by the system under section 10-183m, the proceeds of bonds issued pursuant to section 10-183qq and earnings of the system.

(3) Professional fees associated with the administration of the health benefit plans offered pursuant to section 10-183t [of not more than one hundred fifty thousand dollars annually] may be paid for out of the retired teachers' health insurance premium account established pursuant to said section 10-183t.



## Agency Legislative Proposal - 2015 Session

**Document Name** (e.g. OPM1015Budget.doc; OTG1015Policy.doc):

TRB2015\_TRB3\_TechRev

(If submitting an electronically, please label with date, agency, and title of proposal – 092611\_SDE\_TechRevisions)

**State Agency:**

Teachers' Retirement Board

**Liaison:** Darlene Perez

**Phone:** 860-241-8401

**E-mail:** [darlene.perez@ct.gov](mailto:darlene.perez@ct.gov)

**Lead agency division requesting this proposal:**

Teachers' Retirement Board

**Agency Analyst/Drafter of Proposal:**

Darlene Perez

**Title of Proposal**

**An Act To Allow Retention of the Coparticipant Option After Divorce**

**Statutory Reference**

Sec. 10-183j. Benefit options. Period certain. Coparticipant's option.

**Proposal Summary:** The intent of this proposal is to allow members of the Teachers' Retirement System the option of retaining the Payment Plan D Coparticipant option upon divorce.

*Please attach a copy of fully drafted bill (required for review)*

### PROPOSAL BACKGROUND

- **Reason for** The portion of a pension earned within a marriage is considered a marital asset and therefore subject to division at the time of divorce. This system offers our members a retirement option that would provide lifetime income to their coparticipant should they predecease their coparticipant. The option is called the Plan D coparticipant option and is elected at the time of retirement. Under current law, the Plan D option election is terminated upon divorce. In the event our member divorces after retirement and had elected the Plan D coparticipant option at retirement, this proposal would allow the member to retain the Plan D option.

*Please consider the following, if applicable:*

- (9) *Have there been changes in federal/state/local laws and regulations that make this legislation necessary?*
- (10) *Has this proposal or something similar been implemented in other states?  
If yes, what is the outcome(s)?*
- (11) *Have certain constituencies called for this action?*
- (12) *What would happen if this was not enacted in law this session?*

- **Origin of Proposal**

**New Proposal**

**Resubmission**





If this is a resubmission, please share:

- (9) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?
- (10) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?
- (11) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
- (12) What was the last action taken during the past legislative session?

## PROPOSAL IMPACT

- **Agencies Affected** (please list for each affected agency)

Agency Name: **None**

Agency Contact (name, title, phone):

Date Contacted:

Approve of Proposal     YES     NO     Talks Ongoing

### Summary of Affected Agency's Comments

Will there need to be further negotiation?     YES     NO

- **Fiscal Impact** (please include the proposal section that causes the fiscal impact and the anticipated impact)

**Municipal** (please include any municipal mandate that can be found within legislation)

n/a

**State** NONE

**Federal** NONE

Additional notes on fiscal impact



- **Policy and Programmatic Impacts** (Please specify the proposal section associated with the impact)

**Insert fully drafted bill here**

**Revise (3) of 10-183j as follows:**

(3) [The benefit payable to a member whose designated coparticipant dies or is divorced from the member after the effective date of the option but before the retirement or death of such member shall be the normal, early, proratable or disability benefit for which the member is eligible.] A coparticipant option shall be terminated, for any member whose designated coparticipant dies or is divorced from the member after the member's retirement, on the date of such death or divorce. Such member shall thereupon be paid the normal, early, OR proratable [or disability] RETIREMENT benefit for which the member is eligible. EFFECTIVE JULY 1, 205, UPON DVORCE THE COURTS MAY ORDER, THROUGH A DOMESTIC RELATIONS ORDER, THAT THE MEMBER SHALL RETAIN THE SAME COPARTICIPANT AND OPTION THAT WAS ELECTED AT THE TIME OF RETIREMENT.