



STATE OF CONNECTICUT
TREASURER SHAWN T. WOODEN

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CONTACT: Office of the Treasurer, gage.frank@ct.gov

**TREASURER WOODEN, FOR ONLY THE SECOND TIME IN HISTORY,
TRANSFERS ESTIMATED \$1.623 BILLION BUDGET RESERVE FUND
EXCESS TO PAY DOWN LONG-TERM PENSION LIABILITIES**

***TREASURER WOODEN HAS DECIDED TO TRANSFER \$904 MILLION TO THE TRF AND
AN ESTIMATED \$720 MILLION TO THE SERF***

Hartford, CT – Today, Connecticut State Treasurer Shawn T. Wooden announced his decision to contribute the excess Budget Reserve Fund (BRF), the largest in State history, to both the Connecticut Teachers' Retirement Fund (TRF) and the State Employees' Retirement Fund (SERF). Whenever the amount in the BRF accumulates to 15% of the net general fund appropriations for the fiscal year, the excess is required to first be transferred to either the SERF or the TRF, not-to-exceed 5% of the chosen retirement fund's unfunded liability. The excess for Fiscal Year 2021's volatility transfer is \$1.142 billion, and when combined with the estimated budget surplus of \$481 million, aggregates to a projected BRF excess of \$1.623 billion. These unprecedented amounts are due to Connecticut's continued strong fiscal policies and discipline, as well as a large tranche of Federal COVID-19 relief funding supporting the State's pandemic response.

"For the second year in a row and only the second time in history, Connecticut has this opportunity to responsibly pay down our long-term unfunded pension liabilities to help put the State on a more sustainable course," said Treasurer Wooden. "The historic growth of the State's Budget Reserve Fund is a direct result of smart policy and fiscal discipline that has been practiced over the last few years. Protecting and growing our Budget Reserve Fund has led to greater liquidity, financial strength and put us in a stronger fiscal position throughout the pandemic."

This is the second time in Connecticut's history as well as the second year in a row in which the BRF would exceed the statutory limit of 15%, allowing the State to make another significant additional payment towards its long-term unfunded liabilities. In Fiscal Year 2020, the excess BRF amount was \$61.6 million, for which Treasurer Wooden made the decision to deposit that surplus into the SERF.

Treasurer Wooden's decision to transfer the BRF excess amount resulting from Fiscal Year 2021 to both the TRF and the SERF will significantly reduce both the TRF's and the SERF's unfunded liability and the State's Actuarial Determined Employer Contribution. By concurrently making

similar additional contributions to both the TRF and the SERF, Treasurer Wooden has decided to make the greatest long-term impact on Connecticut's fiscal position.

The first statutory requirement is to allocate funds to either the SERF or the TRF up to a 5% maximum of unfunded liability. If the BRF excess is greater than the not-to-exceed 5% of the chosen retirement fund's unfunded liability, the second statutory decision is to pay down debt and/or make an additional contribution to either the SERF or the TRF. After an extensive analysis, Treasurer Wooden has determined that it is in the best interest of the State to pay down the unfunded pension obligations of both the SERF and the TRF simultaneously. Treasurer Wooden, therefore, will transfer the amount above the BRF's statutory 15% limit, first to the TRF in an amount approximating \$903.6 million, and second to the SERF, estimated to be upwards of \$720 million once the budget surplus is audited.

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