

# **Connecticut State Teachers' Retirement System**



## **Actuarial Valuation Report**

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**Prepared as of June 30, 2025**



November 25, 2025

Board of Directors  
Connecticut State Teachers' Retirement System  
165 Capitol Ave  
Hartford, CT 06106

Members of the Board:

The laws governing the operation of the Connecticut State Teachers' Retirement System provide that actuarial valuations of the assets and liabilities of the System shall be made each year. We have conducted the actuarial valuation of the System as of June 30, 2025 and the results of the valuation are contained in the following report.

In performing the valuation, we relied on data supplied by the System and performed limited tests on the data for consistency and reasonableness. The valuation was prepared in accordance with the funding objectives of the System as set forth in Chapter 167a, Section 10-183z of the Connecticut General Statutes as amended by Section 88 of Public Act No. 19-117. The normal cost and accrued liability of the System are developed using the entry age normal cost method. Under this method, the normal cost is the level percent of payroll necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

In determining the System's liabilities, future events, such as investment returns, salary increases, deaths, retirements, etc., are anticipated based upon the set of actuarial assumptions as approved by the Board. The assets of the system for valuation purposes are developed using an asset smoothing technique which spreads the recognition of the unexpected portion of market related gains and losses over a period of four years with the goal of dampening the impact of market volatility upon valuation results.

An unfunded accrued liability exists in the amount equal to the excess of accrued liability over valuation assets. The accrued liability contribution was determined in accordance with subsections (b) and (c) of Section 10-183z of the Statutes as amended by Section 88 of Public Act No. 19-117. Based on the current valuation, the expected future contributions together with current assets will be sufficient to provide the planned benefits. Therefore, in our opinion, the System continues to operate on an actuarially sound basis.



The State of Connecticut uses a biennial budget process. Beginning with the June 30, 2022 valuation, the System began performing annual valuations instead of biennial valuations which had an impact on the State's budgeting process. The June 30, 2022 valuation was used to set the budget appropriation for the first year of the State's budget biennium (FYE 2024) and was also used to produce a forecast for the second year of the biennium (FYE 2025). The June 30, 2023 valuation was then used to set the actual budget appropriation for FYE 2025. This pattern will continue to be repeated in future years with the June 30, 2024 valuation setting the budget appropriation for FYE 2026 and then will be used to provide a forecast for the appropriation for FYE 2027. The actual appropriation for FYE 2027 would then be determined with the June 30, 2025 valuation.

When the actual budget appropriation determined from an odd-year valuation differs from the forecasted amount from the prior even-year valuation, there is a mechanism per Section 4(b) of Public Act 24-81 that permits the Governor, with the approval of the Finance Advisory Committee, to adjust the budget and transfer the necessary funds to ensure that the full actuarially determined contribution is made. This pattern is expected to be a normal part of the valuation process going forward.

In the table below, we present the recommended contribution amounts for fiscal year 2027. For comparison, we also present the contribution amounts for fiscal year 2026 based on the 2024 valuation.

| Valuation Date                               | June 30, 2024      | June 30, 2025      |
|----------------------------------------------|--------------------|--------------------|
| Recommended Contributions for Fiscal Year    | 2026               | 2027               |
| Normal Cost                                  | \$293,607          | \$328,073          |
| Unfunded Actuarial Accrued Liability         | <u>\$1,361,514</u> | <u>\$1,403,546</u> |
| Actuarially Determined Employer Contribution | \$1,655,121        | \$1,731,619        |
| <i>All dollar amounts are in thousands.</i>  |                    |                    |

Actuarial Standard of Practice Number 4 (ASOP 4) requires the disclosure of a reasonable Actuarial Determined Employer Contribution (ADEC). Based on the assumptions and methods used in this report, the ADEC is reasonable with respect to ASOP 4.



In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

This actuarial valuation was performed to determine the recommended funding amount for the System. The asset values used to determine unfunded liabilities and funded ratios are not market values but less volatile market related values. A smoothing technique is applied to market values to determine the market related values. The unfunded liability amounts and funded ratios using the market value of assets would be different. The interest rate used for determining liabilities is based on the expected return of assets.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions and methods that are internally consistent and reasonable, based on the actual experience of the System.

Respectfully submitted,

Todd B. Green, ASA, EA, FCA, MAAA  
President

Ben Mobley ASA, FCA, MAAA  
Consulting Actuary



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## SECTION 1 – BOARD SUMMARY

The table below summarizes the results of the June 30, 2025 actuarial valuation as compared with the prior valuation.

| Table I-1: Comparative Summary of Principal Results                               |               |               |
|-----------------------------------------------------------------------------------|---------------|---------------|
|                                                                                   | June 30, 2024 | June 30, 2025 |
| <b>Membership</b>                                                                 |               |               |
| Active Members                                                                    |               |               |
| Number                                                                            | 53,373        | 51,971        |
| Annual Payroll                                                                    | \$5,054,181   | \$5,115,026   |
| Retirees and Beneficiaries                                                        |               |               |
| Number                                                                            | 40,034        | 40,138        |
| Annual Benefits                                                                   | \$2,385,276   | \$2,439,144   |
| Inactive Members                                                                  |               |               |
| Vested                                                                            | 2,457         | 2,841         |
| Non-Vested                                                                        | 8,901         | 10,032        |
| <b>Assets</b>                                                                     |               |               |
| Market Value                                                                      | \$26,392,634  | \$29,131,057  |
| Actuarial Value                                                                   | \$26,333,611  | \$27,900,613  |
| Return on Market Value                                                            | 11.49%        | 10.19%        |
| Return on Actuarial Value                                                         | 8.06%         | 5.72%         |
| Ratio of Actuarial to Market Value                                                | 99.78%        | 95.78%        |
| <b>Actuarial Information</b>                                                      |               |               |
| Unfunded Actuarial Accrued Liability (UAAL)                                       | \$15,926,345  | \$15,915,249  |
| Funded Ratio                                                                      | 62.31%        | 63.68%        |
| <b>Computed Contribution Rates</b>                                                |               |               |
| Normal Cost                                                                       | 12.64%        | 13.20%        |
| UAAL                                                                              | <u>26.15%</u> | <u>27.44%</u> |
| Total                                                                             | 38.79%        | 40.64%        |
| Member                                                                            | 7.00%         | 7.00%         |
| State                                                                             | 31.79%        | 33.64%        |
| <b>Actuarially Determined Employer Contribution (ADEC) for Fiscal Year Ending</b> |               |               |
| June 30, 2026                                                                     | \$1,655,121   |               |
| June 30, 2027                                                                     |               | \$1,731,619   |
| June 30, 2028* (Estimated)                                                        |               | \$1,715,682   |
| <i>All dollar amounts are in thousands.</i>                                       |               |               |

\* The June 30, 2026 valuation will determine the June 30, 2028 ADEC.





## SECTION 1 – BOARD SUMMARY

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### Summary of Key Findings

The employer contribution rate for the System is used to pay the employer's portion of the normal cost and to amortize the unfunded actuarial accrued liability (UAAL).

The actuarially determined normal cost contribution rate was 12.64% as of June 30, 2024, increasing to 13.20% as of June 30, 2025. The unfunded actuarial accrued liability increased from \$15.926 billion to \$16.493 billion since the last valuation. The unfunded actuarial accrued liability rate increased from 26.15% to 27.44%. We note the following key findings:

- The UAAL increased by \$365.2 million due to changes in assumptions adopted by the board as a result of the Experience Study for the Five-Year Period Ending June 30, 2024. The changes are summarized in Appendix B.
- The UAAL increased by \$1.099 billion due to interest and decreased by \$1.316 billion due to the expected amortization payment since the last valuation.
- Additionally, the assets as of June 30, 2025 recognizes \$578.1 million as a receivable contribution which reflects the discounted value of the \$592.8 million deposited November 17, 2025 after the 2025 fiscal year end. This further decreased the UAAL by \$578.1 million.
- The System experienced an actuarial loss on plan assets of \$307.2 million for fiscal year 2025 because the investment return on the actuarial value of assets was different than the assumed rate. Table III-3 provides the calculation of the investment gains and losses for the year.
- The System experienced a net actuarial loss of \$111.7 million as of June 30, 2025 on plan liabilities due to non-investment related experience. Table IV-2 provides the reconciliation of the UAAL which is summarized as follows:
  1. The System provides post-retirement Cost-of-Living Adjustments based upon certain criteria set forth in the statutes. For purposes of the valuation, the benefits paid to eligible retirees and beneficiaries are expected to increase at a rate of 3.00% annually for members retired before September 1992 and 2.00% for members retired on and after September 1, 1992 (1.75% for members hired on or after July 1, 2007). The actual COLAs granted for members retired before September 1, 1992, were 3.0% for members with a January COLA date and 3.0% for members with a July COLA date. The actual COLAs granted for members retired on and after September 1, 1992, were 2.5% (2.5% for members hired on or after July 1, 2007). This resulted in a \$116.3 million loss to the System for the year.
  2. In years where the salaries of active members increase more than expected, an actuarial loss occurs. The System experienced a \$17.6 million loss due to salary experience for the year.
  3. In addition, there were other gains and losses primarily attributable to the System demographic experience. The gain for the year was \$22.2 million.





## SECTION 1 – BOARD SUMMARY

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Section 2 of the report provides summarized information on the membership data used in the valuation. Section 3 of the report covers the System's assets and Section 4 of the report covers the System's liabilities. The results of the valuation are provided in Section 5 of the report and the accounting information is in Section 6. The appendices provide additional information on: A) the System members; B) the actuarial assumptions and methods; and C) the summary of plan provisions. In addition, Appendix D provides a glossary of actuarial terminology.





## SECTION 2 – MEMBERSHIP DATA

Data regarding the membership of the System for use in the valuation were furnished by the Retirement System. The following table summarizes the membership data as of June 30, 2025 and is compared with that reported for the prior valuation.

| Table II-1: Summary of Membership Data |               |               |
|----------------------------------------|---------------|---------------|
|                                        | June 30, 2024 | June 30, 2025 |
| <b>Active Members</b>                  |               |               |
| Total Number of Active Members         | 53,373        | 51,971        |
| Total Annual Compensation              | \$5,054,181   | \$5,115,026   |
| <b>Retirees and Beneficiaries</b>      |               |               |
| Number of Service Retirements          | 37,572        | 37,699        |
| Total Annual Benefit Payments          | \$2,293,365   | \$2,345,470   |
| Number of Disability Retirements       | 262           | 202           |
| Total Annual Benefit Payments          | \$8,063       | \$6,564       |
| Number of Beneficiaries                | 2,200         | 2,237         |
| Total Annual Benefit Payments          | \$83,848      | \$87,110      |
| <b>Inactive Members</b>                |               |               |
| Number of Non-vested Inactive Members  | 8,901         | 10,032        |
| Number of Vested Inactive Members      | 2,457         | 2,841         |

*All dollar amounts are in thousands.*





## SECTION 3 – SYSTEM ASSETS

The following tables provide information on the System's assets.

| Table III-1: Market Value Reconciliation |                  |                  |
|------------------------------------------|------------------|------------------|
|                                          | 2023 - 2024      | 2024 - 2025      |
| Net Market Value as of July 1            | \$23,763,127     | \$26,392,634     |
| Additions                                |                  |                  |
| State Contributions                      | \$1,554,542      | \$1,601,407      |
| Non-State Contributions                  | <u>\$366,988</u> | <u>\$364,050</u> |
| Total Contributions                      | \$1,921,530      | \$1,965,457      |
| Net Investment Income                    | \$2,702,753      | \$2,663,911      |
| Receivable Contributions                 | \$411,051*       | \$578,103**      |
| Total Additions                          | \$5,035,334      | \$5,207,471      |
| Deductions                               |                  |                  |
| Benefit Payments and Refunds             | (\$2,405,827)    | (\$2,469,048)    |
| Other                                    | \$ 0             | \$ 0             |
| Total Deductions                         | (\$2,405,827)    | (\$2,469,048)    |
| Net Increase                             | \$2,629,507      | \$2,738,423      |
| Net Market Value as of June 30           | \$26,392,634     | \$29,131,057     |
| Rate of Return on Market Value           | 11.49%           | 10.19%           |

*All dollar amounts are in thousands.*

\* Reflects the additional contributions of \$273.2 million and an expected \$147.2 million received subsequent to FYE 2024 discounted at 6.9% to the valuation date.

\*\* Reflects the additional contributions of \$592.8 million received subsequent to FYE 2025 discounted at 6.9% to the valuation date.





## SECTION 3 – SYSTEM ASSETS

### Development of Actuarial Value of Assets

The Actuarial Value of Assets represents a "smoothed" value developed with the purpose of dampening the impact of market volatility on the assets used in determining valuation results. The Actuarial Value of Assets has been calculated by spreading the recognition of excess investment income over four years. The amount of excess investment income in each year is the difference between expected investment income on actuarial value and the actual market value investment income. Table III-2 provides the development of the actuarial value of assets since the previous valuation.

**Table III-2: Development of Actuarial Value of Assets**

|                                                                 | June 30, 2024        | June 30, 2025        |
|-----------------------------------------------------------------|----------------------|----------------------|
| 1. Actuarial Value Beginning of Year                            | \$24,454,966         | \$26,333,611         |
| 2. Market Value End of Year                                     | \$26,392,634         | \$29,131,057         |
| 3. Market Value Beginning of Year                               | \$23,763,127         | \$26,392,634         |
| 4. Cash Flow                                                    |                      |                      |
| a. Contributions                                                | \$1,921,530          | \$1,965,457          |
| b. Disbursements                                                | <u>(\$2,405,827)</u> | <u>(\$2,469,048)</u> |
| c. Net: 4a + 4b                                                 | (\$484,297)          | (\$503,591)          |
| 5. Receivable Contributions                                     | \$411,051            | \$578,103            |
| 6. Investment Income                                            |                      |                      |
| a. Market Total: 2 – 3 – 4c – 5                                 | \$2,702,753          | \$2,663,911          |
| b. Assumed Rate of Return                                       | 6.90%                | 6.90%                |
| c. Amount for Immediate Recognition: (3 x 6b) + (4c x 6b x 0.5) | \$1,670,684          | \$1,803,718          |
| d. Amount for Phased-In Recognition: 6a – 6c                    | \$1,032,069          | \$860,193            |
| 7. Phased-In Recognition of Investment Income                   |                      |                      |
| a. Current Year: 6d * .25                                       | \$258,017            | \$215,048            |
| b. First Prior Year                                             | \$69,265             | \$258,017            |
| c. Second Prior Year                                            | (\$853,563)          | \$69,265             |
| d. Third Prior Year                                             | <u>\$807,488</u>     | <u>(\$853,558)</u>   |
| e. Total Recognized Investment Gain                             | \$281,207            | (\$311,228)          |
| 8. Total Recognized Investment Return: 6c + 7e                  | \$1,951,891          | \$1,492,490          |
| 9. Adjustment                                                   | 0                    | 0                    |
| 10. Actuarial Value End of Year: 1 + 4c + 5 + 8 + 9             | \$26,333,611         | \$27,900,613         |
| 11. Difference Between Market & Actuarial Values: 2 – 10        | \$59,023             | \$1,230,444          |
| 12. Rate of Return on Actuarial Value                           | 8.06%                | 5.72%                |

*All dollar amounts are in thousands.*





## SECTION 3 – SYSTEM ASSETS

The actuarial valuation assumes the investment income on the assets of the System is 6.90% annually. This assumption is based upon the reasonable long-term expected return on the assets. In each year, the System will experience actuarial gains and losses due to the actual investment return of the assets.

**Table III-3: Calculation of Actuarial Investment Gain/(Loss)**

|                                                                                  | <b>June 30, 2024</b> | <b>June 30, 2025</b> |
|----------------------------------------------------------------------------------|----------------------|----------------------|
| 1. Actuarial Value of Assets at Beginning of Year                                | \$24,454,966         | \$26,333,611         |
| 2. Total Net Cash Flow                                                           | (484,297)            | (503,591)            |
| 3. Receivable Contribution                                                       | 411,051              | 578,103              |
| 4. Expected Return on Actuarial Value of Assets:<br>(1 x 6.90% + 2 x 6.90% x .5) | <u>\$1,670,684</u>   | <u>\$1,799,645</u>   |
| 5. Expected Actuarial Value of Assets at End of Year: (1 + 2 + 3 + 4)            | \$26,052,404         | \$28,207,768         |
| 6. Actual Actuarial Value of Assets at End of Year                               | <u>\$26,333,611</u>  | <u>\$27,900,613</u>  |
| 7. Actuarial Gain/(Loss) Due to Investment Experience: (6 - 5)                   | \$281,207            | (\$307,155)          |

*All dollar amounts are in thousands.*





## SECTION 4 – SYSTEM LIABILITIES

The present value of benefits is the value as of the valuation date of all future benefits expected to be paid to current members of the System. An actuarial cost method allocates each individual's present value of benefits to past and future years of service. The actuarial accrued liability includes the portion of the active member present value of benefits allocated to past service as well as the entire present value of benefits for retirees, beneficiaries and inactive members. The unfunded actuarial accrued liability (UAAL) is the difference between the actuarial accrued liability and the actuarial value of assets. Table IV-1 shows the allocation of the present value of future benefits into components for future normal cost contributions and actuarial accrued liabilities and the determination of the UAAL as of the valuation date.

| Table IV-1: Calculation and Allocation of Present Value of Future Benefits |                                               |                                                                     |                                                         |
|----------------------------------------------------------------------------|-----------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------|
|                                                                            | Entry Age Actuarial Cost Method               |                                                                     |                                                         |
|                                                                            | (1)<br>Present<br>Value of<br>Future Benefits | (2)<br>Portion<br>Covered By<br>Future Normal<br>Cost Contributions | (3)<br>Actuarial<br>Accrued<br>Liabilities<br>(1) - (2) |
| <b>Active Members</b>                                                      |                                               |                                                                     |                                                         |
| Service Retirement                                                         | \$23,882,908                                  | \$5,678,741                                                         | \$18,204,167                                            |
| Disability Retirement                                                      | 131,861                                       | 95,716                                                              | 36,145                                                  |
| Survivors' Benefits                                                        | 184,325                                       | 57,446                                                              | 126,879                                                 |
| Termination                                                                | <u>1,038,340</u>                              | <u>957,436</u>                                                      | <u>80,904</u>                                           |
| Total for Active Members                                                   | 25,237,434                                    | 6,789,339                                                           | 18,448,095                                              |
| <b>Inactive Members</b>                                                    |                                               |                                                                     |                                                         |
| Non-Vested (Refund only)                                                   | 176,364                                       | 0                                                                   | 176,364                                                 |
| Vested                                                                     | <u>696,284</u>                                | <u>0</u>                                                            | <u>696,284</u>                                          |
| Total for Inactive Members                                                 | 872,648                                       | 0                                                                   | 872,648                                                 |
| <b>Retirees and Beneficiaries</b>                                          |                                               |                                                                     |                                                         |
| Service Retirements                                                        | 23,724,120                                    | 0                                                                   | 23,724,120                                              |
| Disability Retirements                                                     | 91,668                                        | 0                                                                   | 91,668                                                  |
| Beneficiaries                                                              | <u>679,331</u>                                | <u>0</u>                                                            | <u>679,331</u>                                          |
| Total for Retirees and Beneficiaries                                       | 24,495,119                                    | 0                                                                   | 24,495,119                                              |
| <b>Total</b>                                                               | <b>\$50,605,201</b>                           | <b>\$6,789,339</b>                                                  | <b>\$43,815,862</b>                                     |
| <b>Actuarial Value of Assets</b>                                           |                                               |                                                                     | <b>\$27,900,613</b>                                     |
| <b>Unfunded Actuarial Accrued Liability</b>                                |                                               |                                                                     | <b>\$15,915,249</b>                                     |
| <b>Funded Ratio</b>                                                        |                                               |                                                                     | <b>63.68%</b>                                           |
| <i>All dollar amounts are in thousands.</i>                                |                                               |                                                                     |                                                         |





## SECTION 4 – SYSTEM LIABILITIES

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The funded ratio of the System is the ratio of the actuarial value of assets divided by the actuarial accrued liability as of the valuation date. As of June 30, 2025, the funded ratio of the System is 63.68% as compared to the ratio in the prior valuation of 62.31%. The ratio is a commonly used measure of the funding progress of a System and can be useful in reviewing the historical trend of a System's funding progress. Such a review should also consider the impact to this measure over the historical period due to changes to plan benefits, changes to the actuarial assumptions and methods, and the significant impact that investment experience can have on the ratio over short-term periods. We caution that no single "point in time" measure can provide a universal basis for comparing one System to another.

Although the terminology used to describe the excess of the System's actuarial accrued liability over the System's actuarial value of assets is called the "unfunded" actuarial accrued liability, there is a dedicated source of funding for this liability. The scheduled employer and employee contributions are expected to completely fund the System's liabilities (pay off the UAAL) within a reasonable period based on statutory funding requirements.

The calculation of the System's actuarial liabilities requires the use of several assumptions concerning the future experience of the System and its members. In each valuation, the latest year of actual experience is compared to that expected by the prior valuation. The differences are actuarial gains and losses which decrease or increase the UAAL. Table IV-2 provides for the reconciliation of the UAAL and shows the primary sources of this year's gains and losses due to actuarial experience.





## SECTION 4 – SYSTEM LIABILITIES

**Table IV-2: Reconciliation of the UAAL**

|    |                                       |                    |
|----|---------------------------------------|--------------------|
| 1. | UAAL as of June 30, 2024              | \$15,926,345       |
| 2. | Expected Interest (1 x 6.90%)         | 1,098,918          |
| 3. | Expected Amortization Payment         | <u>(1,315,994)</u> |
| 4. | Expected End of Year UAAL (1 + 2 + 3) | \$15,709,269       |
| 5. | Actuarial Experience (Gain)/Loss      |                    |
|    | Receivable Contribution               | (578,103)          |
|    | Assumption Changes                    | 365,226            |
|    | Asset Experience                      | 307,155            |
|    | COLA                                  | 116,274            |
|    | Salary Experience                     | 17,638             |
|    | Post-retirement Mortality             | (52,355)           |
|    | Retirements                           | (5,687)            |
|    | Turnover and Other                    | <u>35,832</u>      |
|    | Total Actuarial (Gain)/Loss           | \$205,980          |
| 6. | UAAL as of June 30, 2025 (4 + 5)      | \$15,915,249       |

*All dollar amounts are in thousands.*





## SECTION 5 – ACTUARIAL VALUATION RESULTS

Section 4 of this report presented the System's total present value of future benefits allocated between the present value of future normal cost contributions and actuarial accrued liability. The portion of the active members' present value of benefits allocated to future years of service is funded through annual normal cost contributions comprised of both active member and employer contributions. The System's annual normal cost rate is calculated as a percent of covered payroll, which is expected to remain level over all future years of service. The portion of the total normal cost rate in excess of the active member contribution rate is the state normal cost rate. The normal cost rate developed as of the valuation date is presented in Table V-1. Table V-1 also shows the state contribution rates necessary to amortize the UAAL in accordance with the funding requirements in the statutes.

The Actuarial Standards Board recently updated Actuarial Standard of Practice (ASOP) No. 4 to require actuaries to disclose a "reasonable" actuarially determined contribution (ADC), which reflects actuarial methods and assumptions that follow actuarial standards of practice. We believe that the System's current assumptions and actuarial cost method meet the "reasonable" standard for purposes of calculating the ADC under ASOP No. 4.

| Table V-1: Actuarially Determined Employer Contribution (ADEC) Rate |               |
|---------------------------------------------------------------------|---------------|
| Normal Cost Rate of Active Members by Expected Benefit Type         |               |
| Service Retirement                                                  | 11.05%        |
| Termination                                                         | 1.85%         |
| Disability Retirement                                               | 0.19%         |
| Survivors' Benefits                                                 | <u>0.12%</u>  |
| Total Normal Cost Rate for Active Members                           | 13.20%        |
| Less: Active Member Contribution Rate                               | <u>7.00%</u>  |
| State Normal Cost Rate                                              | 6.20%         |
| Unfunded Actuarial Accrued Liability (UAAL)                         |               |
| June 30, 2018 Transitional (23 years)                               | 29.30%        |
| June 30, 2020 Incremental (20 years)                                | 1.95%         |
| June 30, 2022 Incremental (22 years)                                | (2.43)%       |
| June 30, 2023 Incremental (23 years)                                | (1.09)%       |
| June 30, 2024 Incremental (24 years)                                | (0.63)%       |
| June 30, 2025 Incremental (25 years)                                | <u>0.34%</u>  |
| Total UAAL Rate                                                     | 27.44%        |
| <b>Actuarially Determined Employer Contribution (ADEC) Rate</b>     | <b>33.64%</b> |





## SECTION 6 – ACCOUNTING INFORMATION

The Governmental Accounting Standards Board has issued Statement No. 67 which replaces Statement No. 25 for plan years beginning after June 15, 2013. The information required under GASB 67 will be issued in a separate report.

We are providing the schedule of funding progress as shown below for informational purposes. This schedule is no longer required under GASB 67.

**Table VI-1: Schedule of Funding Progress**

| Actuarial<br>Valuation as<br>of June 30 | Actuarial Value<br>of Assets<br>( a ) | Actuarial<br>Accrued<br>Liability (AAL)<br>( b ) | Unfunded<br>AAL (UAAL)<br>( b ) - ( a ) | Funded<br>Ratio<br>( a ) / ( b ) | Covered<br>Payroll<br>( c ) | UAAL as a % of<br>Active Member<br>Payroll<br>[( b ) - ( a )] / ( c ) |
|-----------------------------------------|---------------------------------------|--------------------------------------------------|-----------------------------------------|----------------------------------|-----------------------------|-----------------------------------------------------------------------|
| 2014                                    | \$15,546.5                            | \$26,349.2                                       | \$10,802.7                              | 59.0%                            | \$3,831.6                   | 281.9%                                                                |
| 2016                                    | 16,712.3                              | 29,860.3                                         | 13,148.0                                | 56.0                             | 3,949.9                     | 332.9                                                                 |
| 2018                                    | 17,951.8                              | 34,712.0                                         | 16,760.2                                | 51.7                             | 4,075.9                     | 411.2                                                                 |
| 2020                                    | 19,055.1                              | 37,128.0                                         | 18,072.9                                | 51.3                             | 4,438.4                     | 407.2                                                                 |
| 2022                                    | 22,729.2                              | 39,860.3                                         | 17,131.1                                | 57.0                             | 4,695.7                     | 364.8                                                                 |
| 2023                                    | 24,455.0                              | 40,877.0                                         | 16,422.0                                | 59.8                             | 4,904.4                     | 334.8                                                                 |
| 2024                                    | 26,333.6                              | 42,260.0                                         | 15,926.4                                | 62.3                             | 5,054.2                     | 315.1                                                                 |
| 2025                                    | 27,900.6                              | 43,815.9                                         | 15,915.3                                | 63.7                             | 5,115.0                     | 311.1                                                                 |

*All dollar amounts are in millions*





## SECTION 6 – ACCOUNTING INFORMATION

The information presented above was determined as part of the actuarial valuation as of June 30, 2025. Additional information as of the latest actuarial valuation follows.

| Table VI-2: Additional Information              |                                  |
|-------------------------------------------------|----------------------------------|
| Valuation date                                  | June 30, 2025                    |
| Actuarial cost method                           | Entry Age                        |
| Amortization method                             | Level dollar amortization method |
| Remaining amortization periods                  |                                  |
| June 30, 2018 Transitional                      | 23 years                         |
| June 30, 2020 Incremental                       | 20 years                         |
| June 30, 2022 Incremental                       | 22 years                         |
| June 30, 2023 Incremental                       | 23 years                         |
| June 30, 2024 Incremental                       | 24 years                         |
| June 30, 2025 Incremental                       | 25 years                         |
| Asset valuation method                          | Four-year smoothed market value  |
| Actuarial assumptions:                          |                                  |
| Investment rate of return (includes inflation)  | 6.90%                            |
| Projected salary increases (includes inflation) | 3.00% - 6.00%                    |
| Inflation                                       | 2.50%                            |
| Cost-of-living adjustments                      |                                  |
| Retirements prior to September 1, 1992          | 3.00%                            |
| Retirements on or after September 1, 1992       |                                  |
| Hired prior to July 1, 2007                     | 2.10%                            |
| Hired on or after July 1, 2007                  | 1.90%                            |





## SECTION 7 – RISK ASSESSMENT

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### *Overview*

Actuarial Standards of Practice (ASOP) No. 51, issued by the Actuarial Standards Board, provides guidance on assessing and disclosing risks related to pension plan funding. This guidance is binding on all credentialed actuaries practicing in the United States. This standard was issued as final in September 2017 with application to measurement dates on or after November 1, 2018.

The term “risk” frequently has a negative connotation, but from an actuarial perspective, it may be thought of as simply the fact that what actually happens in the real world will not always match what was expected, based on actuarial assumptions. Of course, when actual experience is better than expected, the favorable risk is easily absorbed. The risk of unfavorable experience will likely be unpleasant, and so there is an understandable focus on aspects of risk that are negative.

Risk usually can be reduced or eliminated at some cost. Consumers, for example, buy auto and home insurance to reduce the risk of accidents or catastrophes. Another way to express this concept, however, is that there is generally some reward for assuming risk. Thus, retirement plans invest not just in US Treasury bonds which have almost no risk, but also in equities which are considerably riskier – because they have an expected reward of a higher return that justifies the risk.

Under ASOP 51, the actuary is called on to identify the significant risks to the pension plan and provide information to help those sponsoring and administering the plan understand the implications of these risks. In this section, we identify some of the key risks for the System and provide information to help interested parties better understand these risks.





## SECTION 7 – RISK ASSESSMENT

### *Investment Risk*

The investment return on assets is the most obvious risk – and usually the largest risk – to funding a pension plan. To illustrate the magnitude of this risk, the following chart shows the Asset Volatility Ratio (AVR), defined as the fair value of assets divided by covered payroll.

(\$ in thousands)

| Valuation | Market Value of Assets | Covered Payroll | Asset Volatility Ratio |
|-----------|------------------------|-----------------|------------------------|
| 2018      | \$17,946,839           | \$4,075,939     | 4.40                   |
| 2020      | \$18,286,419           | \$4,438,394     | 4.12                   |
| 2022      | \$21,574,433           | \$4,695,730     | 4.59                   |
| 2023      | \$23,763,127           | \$4,904,426     | 4.85                   |
| 2024      | \$26,392,634           | \$5,054,181     | 5.22                   |
| 2025      | \$28,552,954           | \$5,115,026     | 5.58                   |

The asset volatility ratio is especially useful to compare across plans or through time. It is also frequently useful to consider how the AVR translates into changes in the Required Contribution Rate (actuarially determined employer contribution rate). For example, in the table below with an AVR of 5.00, if the market value return is 10% below assumed, or negative 3.10% (6.90% minus 10.00%) for the System, there will be an increase in the Required Contribution Rate of 1.06% of payroll in the first year. Without asset smoothing or without returns above the expected return in the next three years, the impact on the Required Contribution Rate would be 4.25%. A higher AVR would produce more volatility in the Required Contribution Rate.

| AVR | Unsmoothed Amortization | Smoothed Amortization |
|-----|-------------------------|-----------------------|
| 4.0 | 3.40%                   | 0.85%                 |
| 5.0 | 4.25%                   | 1.06%                 |
| 6.0 | 5.10%                   | 1.28%                 |





## SECTION 7 – RISK ASSESSMENT

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### ***Mortality Risk***

The mortality assumption is a significant assumption for valuation results, second only to the investment assumption in most situations. The System's mortality assumption utilizes a mortality table (with separate rates for males and females, as well as different rates by status) and a projection scale for how the mortality experience is expected to improve through time.

The future, however, is not known, and actual mortality improvements may occur at a faster rate than expected, or at a slower rate than expected (or even decline). Although changes in mortality will affect the benefits paid, this assumption is carefully studied during the regular experience studies that the System conducts so that incremental changes can be made to smoothly reflect emerging experience.

### ***Contribution Risk***

The System is primarily funded by member and employer contributions to the trust fund, together with the earnings on those accumulated contributions. Each year in the valuation, the Actuarial Determined Employer Contribution (ADEC) is determined, based on the System's funding policy. This rate is the sum of the rates for the normal cost for the plan, the amortization of the UAAL, and the administrative expenses. There are statutory provisions which mandate the full ADEC is contributed to the Fund each year and, in our opinion, there is no Contribution Risk at this time.





## SECTION 7 – RISK ASSESSMENT

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### *Liquidation Risk*

Under the revised Actuarial Standards of Practice (ASOP) No. 4 effective for valuations after February 15, 2023, we must now include a low-default-risk obligation measure of the Fund's liability in our funding valuation report. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of this plan.

This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation except that the discount rate is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of June 30, 2025 and with the 30-year spot rate used for all durations beyond 30. Using these assumptions, we calculate a low-default-risk obligation measure liability of approximately \$45.0 billion.

This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the need or option to completely terminate a plan.





## APPENDIX A – MEMBERSHIP DATA

**Table A-1: Schedule of Active Participant Data as of June 30, 2025**

| AGE                | Years of Service |        |          |          |          |          |          |         | No.    | Avg. Pay |
|--------------------|------------------|--------|----------|----------|----------|----------|----------|---------|--------|----------|
|                    | Under 5          | 5 to 9 | 10 to 14 | 15 to 19 | 20 to 24 | 25 to 29 | 30 to 34 | 35 & up |        |          |
| <b>Under 25</b>    | 533              |        |          |          |          |          |          |         | 533    | 54,864   |
| <b>25 to 29</b>    | 3,133            | 658    | 1        |          |          |          |          |         | 3,792  | 60,709   |
| <b>30 to 34</b>    | 1,885            | 2,737  | 595      |          |          |          |          |         | 5,217  | 71,336   |
| <b>35 to 39</b>    | 1,234            | 1,846  | 3,149    | 415      | 1        |          |          |         | 6,645  | 83,645   |
| <b>40 to 44</b>    | 1,026            | 1,090  | 2,087    | 3,191    | 738      |          |          |         | 8,132  | 96,408   |
| <b>45 to 49</b>    | 801              | 750    | 981      | 1,857    | 3,272    | 567      |          |         | 8,228  | 103,378  |
| <b>50 to 54</b>    | 614              | 590    | 699      | 954      | 1,920    | 2,621    | 255      |         | 7,653  | 107,189  |
| <b>55 to 59</b>    | 376              | 369    | 565      | 798      | 1,241    | 1,847    | 1,237    | 129     | 6,562  | 107,495  |
| <b>60 to 64</b>    | 200              | 180    | 311      | 498      | 717      | 681      | 477      | 434     | 3,498  | 105,547  |
| <b>65 to 69</b>    | 48               | 77     | 101      | 189      | 299      | 247      | 120      | 172     | 1,253  | 105,895  |
| <b>70 &amp; up</b> | 22               | 22     | 22       | 48       | 90       | 91       | 53       | 110     | 458    | 108,975  |
| <b>Total</b>       | 9,872            | 8,319  | 8,511    | 7,950    | 8,278    | 6,054    | 2,142    | 845     | 51,971 | 94,274   |

**Table A-2: Comparative Summary of Active Data**

|                 | <b>June 30, 2024</b> | <b>June 30, 2025</b> |
|-----------------|----------------------|----------------------|
| Average Age     | 45.0 years           | 45.4 years           |
| Average Service | 14.5 years           | 15.0 years           |
| Average Pay     | \$90,684             | \$94,274             |





## APPENDIX A – MEMBERSHIP DATA

**Table A-3: Number of Monthly Retirement Allowances Of  
Benefit Recipients as of June 30, 2025**

| <b>Payee Type</b>           | <b>Number</b> | <b>Monthly Retirement Allowances</b> |
|-----------------------------|---------------|--------------------------------------|
| Service Retirement          |               |                                      |
| A (Life Annuity)            | 1             | \$1,934                              |
| B (100% Cash Refund)        | 0             | 0                                    |
| C (Period Certain and Life) | 478           | 2,107,353                            |
| D (Joint and Survivor)      | 8,969         | 50,100,025                           |
| N (25% Cash Refund)         | 28,251        | 143,246,530                          |
| <b>Total</b>                | <b>37,699</b> | <b>\$195,455,843</b>                 |
| Disability Retirement       |               |                                      |
| A (Life Annuity)            | 0             | \$0                                  |
| B (100% Cash Refund)        | 0             | 0                                    |
| C (Period Certain and Life) | 0             | 0                                    |
| D (Joint and Survivor)      | 0             | 0                                    |
| N (25% Cash Refund)         | 0             | 0                                    |
| W (Disability)              | 202           | 547,000                              |
| <b>Total</b>                | <b>202</b>    | <b>\$547,000</b>                     |
| Beneficiaries               | 2,237         | \$7,259,129                          |
| <b>GRAND TOTAL</b>          | <b>40,138</b> | <b>\$203,261,972</b>                 |





## APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

### Investment Rate of Return

Assumed annual rate of 6.90% net of investment expenses.

### Rates of Annual Salary Increase

| Rates of Annual Salary Increase Assumption |       |
|--------------------------------------------|-------|
| Years of Service                           |       |
| 0                                          | 6.00% |
| 1                                          | 6.00  |
| 2                                          | 6.00  |
| 3                                          | 6.00  |
| 4                                          | 6.00  |
| 5                                          | 6.00  |
| 6                                          | 6.00  |
| 7                                          | 6.00  |
| 8                                          | 6.00  |
| 9                                          | 6.00  |
| 10                                         | 6.00  |
| 11                                         | 5.70  |
| 12                                         | 5.40  |
| 13                                         | 5.10  |
| 14                                         | 4.80  |
| 15                                         | 4.50  |
| 16                                         | 4.20  |
| 17                                         | 3.90  |
| 18                                         | 3.60  |
| 19                                         | 3.30  |
| 20                                         | 3.00  |
| 21+                                        | 3.00  |





## APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

### Active Member Decrement Rates

- a. Tables below provide a summary of the assumed rates of service retirement.

| Annual Rates of Retirement |                               |        |                              |        |
|----------------------------|-------------------------------|--------|------------------------------|--------|
| Age                        | Unreduced                     |        |                              |        |
|                            | Less than 35 years of Service |        | 35 or more years of Service* |        |
|                            | Male                          | Female | Male                         | Female |
| 50                         |                               |        | 35.0%                        | 30.0%  |
| 55                         |                               |        | 35.0%                        | 30.0%  |
| 60                         | 18.0%                         | 19.0%  | 30.0%                        | 30.0%  |
| 65                         | 27.0%                         | 33.0%  | 40.0%                        | 42.0%  |
| 70                         | 27.0%                         | 32.0%  | 30.0%                        | 33.0%  |
| 75                         | 100.0%                        | 100.0% | 100.0%                       | 100.0% |

\* 100% assumed rate of retirement for members with 38 or more years of service.

| Annual Rates of Retirement |            |        |         |        |
|----------------------------|------------|--------|---------|--------|
| Age                        | Proratable |        | Reduced |        |
|                            | Male       | Female | Male    | Female |
| 50                         |            |        | 1.20%   | 1.20%  |
| 52                         |            |        | 1.20%   | 1.20%  |
| 54                         |            |        | 1.60%   | 2.10%  |
| 56                         |            |        | 3.20%   | 3.60%  |
| 58                         |            |        | 5.50%   | 5.20%  |
| 60                         | 5.0%       | 5.0%   |         |        |
| 65                         | 13.0%      | 16.0%  |         |        |
| 70                         | 27.0%      | 20.0%  |         |        |
| 75                         | 20.0%      | 20.0%  |         |        |
| 80                         | 100.0%     | 100.0% |         |        |





## APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

- b. Table below provides a summary of the assumed rates of disability.

| Annual Rates of Disability |        |        |
|----------------------------|--------|--------|
| Age                        | Male   | Female |
| 20                         | 0.020% | 0.020% |
| 25                         | 0.020% | 0.020% |
| 30                         | 0.020% | 0.020% |
| 35                         | 0.020% | 0.030% |
| 40                         | 0.030% | 0.060% |
| 45                         | 0.080% | 0.090% |
| 50                         | 0.150% | 0.150% |
| 55                         | 0.150% | 0.170% |
| 60                         | 0.150% | 0.150% |

- c. Table below provides a summary of the assumed rates of withdrawal for active members prior to eligibility for retirement.

| Annual Rates of Withdrawal |        |        |
|----------------------------|--------|--------|
| Years of Service           | Male   | Female |
| 0                          | 20.00% | 19.00% |
| 1                          | 11.00  | 10.50  |
| 2                          | 9.25   | 9.00   |
| 3                          | 7.50   | 7.75   |
| 4                          | 6.00   | 7.00   |
| 5                          | 4.50   | 6.25   |
| 6                          | 3.75   | 5.75   |
| 7                          | 3.25   | 5.00   |
| 8                          | 2.75   | 4.50   |
| 9                          | 2.50   | 4.00   |
| 10                         | 2.25   | 3.50   |
| 11                         | 2.00   | 3.10   |
| 12                         | 2.00   | 2.60   |
| 13                         | 2.00   | 2.25   |
| 14                         | 2.00   | 2.00   |
| 15+                        | 2.00   | 2.00   |





## APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

### Pre-Retirement Mortality

The PubT-2016 Employee Table projected generationally with MP-2021 is used for both males and females while in active service. Representative values of the assumed annual rates of mortality while in active service are as follows:

| Annual Rates of Death* |        |        |
|------------------------|--------|--------|
| Age                    | Male   | Female |
| 30                     | 0.028% | 0.013% |
| 35                     | 0.035% | 0.020% |
| 40                     | 0.047% | 0.032% |
| 45                     | 0.070% | 0.048% |
| 50                     | 0.109% | 0.073% |
| 55                     | 0.174% | 0.107% |
| 60                     | 0.271% | 0.159% |
| 65                     | 0.410% | 0.256% |

\* Rates shown are for 2016, the base year of the table.

### Post-Retirement Mortality

The PubT-2016 Healthy Retiree Table projected generationally with MP-2021 is used for the period after service retirement. The PubT-2016 Disabled Retiree Table projected generationally with MP-2021 is used for the period after disability retirement. The PubT-2016 Contingent Survivor Table projected generationally with MP-2019 is used for survivors and beneficiaries. Representative values of the assumed annual rates of mortality are as follows:

| Annual Rates of Death* |         |         |          |         |          |         |
|------------------------|---------|---------|----------|---------|----------|---------|
| Age                    | Healthy |         | Disabled |         | Survivor |         |
|                        | Male    | Female  | Male     | Female  | Male     | Female  |
| 50                     | 0.109%  | 0.073%  | 0.865%   | 0.733%  | 0.755%   | 0.286%  |
| 55                     | 0.230%  | 0.189%  | 1.321%   | 1.115%  | 0.883%   | 0.405%  |
| 60                     | 0.377%  | 0.264%  | 2.016%   | 1.698%  | 1.051%   | 0.575%  |
| 65                     | 0.615%  | 0.391%  | 2.406%   | 1.874%  | 1.319%   | 0.840%  |
| 70                     | 1.042%  | 0.697%  | 2.831%   | 2.256%  | 1.870%   | 1.290%  |
| 75                     | 1.914%  | 1.368%  | 4.084%   | 3.429%  | 3.109%   | 2.071%  |
| 80                     | 3.697%  | 2.771%  | 6.446%   | 5.742%  | 5.509%   | 3.562%  |
| 85                     | 7.270%  | 5.654%  | 9.789%   | 8.708%  | 9.603%   | 6.444%  |
| 90                     | 13.640% | 10.609% | 16.429%  | 13.197% | 16.622%  | 11.522% |

\* Rates shown are for 2016, the base year of the tables.





## APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

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### Asset Valuation Method

The actuarial value of assets recognizes a portion of the difference between the actual market value of assets and the expected actuarial value of assets, based on the assumed rate of investment return. The amount recognized each year is 25% of the difference between market value and expected actuarial value.

### Actuarial Cost Method

The Entry Age Normal actuarial cost method allocates the plan's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of payroll necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

The unfunded accrued liability is determined by subtracting the actuarial value of assets from the actuarial accrued liability. The UAAL as of June 30, 2018 is amortized over a closed 25-year period. Each new incremental UAAL beginning with the June 30, 2019 valuation will be amortized utilizing layered 25-year closed amortization bases established at the end of each plan year. Effective with the June 30, 2024 valuation, the remaining and future UAAL balances will be amortized utilizing the level dollar amortization method.

### Future Cost-of-living Increases

Members who retired prior to September 1, 1992 are assumed to receive an annual Cost-of-Living Adjustment (COLA) of 3.0%. Members who retired on or after September 1, 1992, and were hired prior to July 1, 2007, are assumed to receive an annual Cost-of-Living Adjustment (COLA) of 2.10%. Members who retired on or after September 1, 1992, and were hired on or after July 1, 2007, are assumed to receive an annual Cost-of-Living Adjustment (COLA) of 1.90%.

### Marriage Assumption

85% of males and 75% of females assumed to be married, with female spouses 3 years younger than males.





## APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

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### Plan N Partial Refund Option (Normal Form of Payment)

For any member who retires having earned 10 or more years of service prior to July 1, 2019, upon death, the member's beneficiary will receive a lump sum payment of the member's contributions with interest to the member's date of retirement less 25% of the total payments received to the member's date of death. A 12-year Certain and Life payment form is used to approximate the Plan N option where available data does not allow liabilities to be calculated directly.

For any member who retires having earned less than 10 years of service prior to July 1, 2019, upon death, the member's beneficiary will receive a lump sum payment of the member's contributions with interest to the member's date of retirement less 50% of the total payments received to the member's date of death. A 9-year Certain and Life payment form is used to approximate the Plan N option where available data does not allow liabilities to be calculated directly.

### Changes from Prior Valuation

Since the prior valuation, the Board adopted new assumptions in conjunction with the Experience Study for the Five-Year Period Ending June 30, 2024. The changes in assumptions are summarized below:

1. Update mortality tables to the PubT-2016 mortality tables with generational mortality using MP-2021
2. Minor changes to rates of retirement
3. Service-only based table with minor changes to rates of withdrawal
4. Small changes to merit salary scale particularly between 10 and 20 years of service
5. Small changes to assumed COLA rates





## APPENDIX C – PLAN PROVISIONS

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Outlined below are the principal provisions of the system which were reflected in the results shown in this report.

### **Covered Employees**

Any teacher, principal, superintendent or supervisor engaged in service of public schools, plus professional employees at State schools of higher education if they choose to be covered.

### **Annual Salary**

Annual Salary rate for service as a Connecticut teacher during a school year excluding amounts paid for extra duty assignments, coaching, unused sick time, unused vacation or terminal pay.

### **Average Annual Salary**

Average of Annual Salary received during three years of highest salary.

### **Credited Service**

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching service, State employment, or war-time military service may be purchased prior to retirement, if the Member pays one-half the cost.

### **Normal Retirement**

Eligibility - Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Benefit - 2% of Average Annual Salary times years of Credited Service (maximum benefit is 75% of Average Annual Salary)

In addition, amounts derived from the accumulation of mandatory contributions made prior to July 1, 1989 and voluntary contributions by the teacher are payable.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.





## APPENDIX C – PLAN PROVISIONS

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### Early Retirement

Eligibility - 25 years of Credited Service including 20 years of Connecticut service, or age 55 with 20 years of Credited Service including 15 years of Connecticut service.

Benefit - Reduced normal retirement benefit. The early retirement factors currently in effect are 6% per year for the first five years by which early retirement precedes the minimum normal retirement age and 4% per year for the next five years by which early retirement precedes the minimum normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% for each year by which early retirement precedes the minimum retirement age.

### Proratable Retirement

Eligibility - Age 60 with 10 years of Credited Service.

Benefit - 2% less 0.1% for each year less than 20 years of Average Annual Salary times years of Credited Service in Connecticut, plus 1% of Average Annual Salary times years of additional Credited Service time.

### Disability Retirement

Eligibility - 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

Benefit - 2% of Average Annual Salary times Credited Service to date of disability, but not less than 15% of Average Annual Salary, nor more than 50% of Average Annual Salary. In addition, disability benefit under this plan (without regard to any cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed Average Annual Salary.

### Termination of Employment

Less than 5 years of Credited Service - Return mandatory contributions with interest.

5 or more years of Credited Service - Return employee mandatory contributions with interest and 1% contributions made prior to July 1, 1989 without interest.

10 or more years of Credited Service - Member is 100% vested in the accrued benefit based on Credited Service and Average Annual Salary as of the date of termination of covered employment. Benefits are payable at age 60 and early retirement reductions are based on the number of years of service the member would have had if they had continued to work until age 60.

Member may elect return of all contributions plus interest on employee mandatory contributions in lieu of vested benefit.





## APPENDIX C – PLAN PROVISIONS

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### Pre-Retirement Death Benefits

A lump sum plus one of the following: survivor's benefit, return of all contributions with interest, or surviving spouse's benefit.

- Lump Sum: \$1,000 for the first 5 years of Connecticut service plus \$200 per year thereafter. Maximum benefit: \$2,000.
- Survivor's Benefit: For active teachers who die while in service, the family maximum benefit payable to survivors is \$1,500 per month. Each minor child is entitled to \$300 per month. The surviving spouse's benefit is \$300 per month if the member has 12 or less years of service. For each additional year of service, the surviving spouse's monthly benefit is increased \$25, up to a maximum of \$600.
- Accumulated contributions with interest plus dependent children's benefits as described in the "Survivor's Benefit" paragraph.
- Surviving Spouse's Benefit: An active member who is eligible for immediate retirement and who has named his or her spouse as primary beneficiary will be covered by a 100% Plan D co-participant option in the event of his or her death prior to retirement.

### Benefit Options

Normal form: Partial Refund Option – For any member who retires having earned 10 or more years of service prior to July 1, 2019, 75% of total benefit is paid as a life annuity. If 25% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the Member's beneficiary. For any member who retires having earned less than 10 years of service prior to July 1, 2019, 50% of total benefit is paid as a life annuity. If 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the Member's beneficiary.

Optional Forms: 5-, 10-, 20-, or 25-year certain and life and 33-1/3%, 50%, 66-2/3%, 75%, or 100% co-participant annuity (if co-participant dies first, benefit reverts to unreduced amount). Amounts payable under the optional forms are determined on an actuarially equivalent basis as set by the board.

### Cost-of-Living Allowance

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 6.9%, the maximum increase is 1.5%.





## APPENDIX C – PLAN PROVISIONS

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For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 9.9%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 6.9%, the maximum increase is 1.0%.

### **Teachers' Mandatory Contribution**

Effective July 1, 1992, each teacher is required to contribute 6% of annual salary for the pension benefit. Beginning January 1, 2018, each teacher is required to contribute 7% of annual salary. Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%.

### **State Contribution**

The State's contribution requirement is determined in accordance with Section 10-183z (as amended by Section 88 of Public Act 19-117).

### **Early Retirement Incentive**

A local or regional board of education may establish a retirement incentive plan. The plan shall provide for purchase of additional credited service by a board of education and a member of the System who chooses to participate in the plan, of additional credited service for such member and for payment by the board of education of not less than fifty per cent of the entire cost of such total cost. Any such plan shall specify a maximum number of years to be purchased, not to exceed five. Members must have attained age 50 and be eligible for retirement with the additional purchased service. The amount of service purchased cannot exceed the lesser of five years and one-fifth of the member's credited service.





## APPENDIX D – GLOSSARY

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**Actuarial Accrued Liability** - The difference between the actuarial present value of future benefits payments and the actuarial present value of future normal costs. Also referred to as “accrued liability.”

**Actuarial Assumptions** - Estimates of expected future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Demographic estimates (rates of mortality, disability, turnover and retirement) are generally based on past experience, modified for projected changes in conditions. Fiscal estimates (salary increases, inflation and real investment return) consist of the underlying rates in an inflation-free environment plus a provision for a long-term average rate of inflation.

**Actuarial Cost Method** - A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future benefit payments” between future normal cost and actuarial accrued liability.

**Actuarial Present Value** - The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment. Also referred to as “present value.”

**Actuarial Value of Assets** - The value of current plan assets recognized for valuation purposes.

**Amortization** - Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with a lump sum payment.

**Experience Gain (Loss)** - A measure of difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

**Normal Cost** - The annual cost assigned, under the actuarial funding method, to current and subsequent plan years.

**Unfunded Actuarial Accrued Liability** - The difference between the actuarial accrued liability and actuarial value of assets. Also referred to as “unfunded accrued liability.”

