



House of Representatives

General Assembly

File No. 504

January Session, 2025

Substitute House Bill No. 5609

House of Representatives, April 3, 2025

The Committee on Labor and Public Employees reported through REP. SANCHEZ, E. of the 24th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING RETIREMENT BENEFITS AND WORKERS' COMPENSATION BENEFITS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2025*) Notwithstanding any
2 provision of the general statutes or special act, a municipality or special
3 taxing district that provides a defined benefit pension and retirement
4 system for its officers and employees and their beneficiaries shall, for
5 purposes of calculating the pension or retirement benefits to be paid to
6 an employee in retirement, consider as wages the greater of the (1)
7 wages used to calculate the final average salary of such employee
8 pursuant to the terms of such pension and retirement system, or (2)
9 temporary total disability and temporary partial disability benefits
10 received by such employee pursuant to chapter 568 of the general
11 statutes over the course of the time period used to calculate the final
12 average salary of such employee pursuant to the terms of such pension
13 and retirement system. Nothing in this section shall be construed to
14 impair or alter the provisions of any collective bargaining agreement in

15 effect before July 1, 2025.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2025</i>	New section
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LAB *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 26 \$	FY 27 \$
Various Municipalities	Cost	Potential	Potential

Explanation

The bill increases costs to municipalities offering defined benefit pensions and retirement systems as it requires the inclusion of temporary total disability and temporary partial disability benefits in pension calculations if the wages are greater than the employee's final average salary. This would increase the benefits paid out and the liability for the retirement systems. The cost to municipalities is dependent on the instances where disability benefits that would not otherwise be used in the calculation are now included and the associated benefit differential.

The Out Years

The annualized ongoing fiscal impact identified above is subject to instances where disability benefits are used in calculating retirement benefits and would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5609*****AN ACT CONCERNING RETIREMENT BENEFITS AND WORKERS' COMPENSATION BENEFITS.*****SUMMARY**

This bill requires municipal or special taxing district defined benefit pension systems, when calculating an employee's pension benefits, to consider as the employee's wages the greater of the:

1. wages used to calculate the employee's final average salary (FAS) under the pension system's terms or
2. workers' compensation temporary total disability and temporary partial disability benefits the employee received over the period used to calculate the employee's FAS under the pension system's terms.

In other words, under the bill, if the wages used to calculate an employee's FAS are less than the workers' compensation benefits the employee received over the FAS period, then the pension system must use the workers' compensation benefits to calculate the employee's FAS instead of the wages. Generally, defined benefit pension systems calculate an employee's pension benefit as a percentage (based on the employee's years of service) of the employee's FAS.

The bill's requirement applies regardless of any other statute or special act, but does not impair or alter any collective bargaining agreements in effect before July 1, 2025.

EFFECTIVE DATE: July 1, 2025

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 9 Nay 4 (03/18/2025)