

OFFICE OF FISCAL ANALYSIS

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sHB-7276

AN ACT CONCERNING THE MUNICIPAL EMPLOYEES RETIREMENT SYSTEM.

As Amended by House "A" (LCO 9180)

House Calendar No.: 590

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 26 \$ | FY 27 \$ |
|-------------------------------------|------------------------|-----------|-----------|
| State Comptroller - Fringe Benefits | GF - Potential Savings | See Below | See Below |

Note: GF=General Fund

Municipal Impact:

| Municipalities | Effect | FY 26 \$ | FY 27 \$ |
|------------------------|-------------------|----------|-----------|
| Various Municipalities | Potential Savings | None | See Below |

Explanation

The bill results in potential savings to municipalities electing to participate in the Municipal Employees Retirement System (MERS), starting in FY 27 at the earliest, depending on their enrollment date. Actual impacts are subject to plan demographics and performance. The bill outlines a new tier (MERS 2.0) and benefit option for members that have lower contribution rates than the current system and are designed to reduce volatility in the system's liability.

The bill additionally results in potential savings to the state for a new tier of group life insurance coverage for insured employees retiring on or after July 1, 2025, with twenty-five or more years of "credited state service" which narrows the number of eligible retirees from current law which requires twenty-five or more years of "state service."

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House “A” strikes the underlying bill and its associated fiscal impact, and results in the fiscal impact described above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to actuarial experience.