



General Assembly

January Session, 2025

Raised Bill No. 7276

LCO No. 7129



Referred to Committee on FINANCE, REVENUE AND
BONDING

Introduced by:
(FIN)

***AN ACT CONCERNING THE MUNICIPAL EMPLOYEES RETIREMENT
SYSTEM.***

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

- 1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section:
- 2 (1) "Active service" means service with a participating municipality
- 3 for which contributions are required pursuant to subsection (f) of this
- 4 section;
- 5 (2) "Aggregate service" has the same meaning as provided in section
- 6 7-425 of the general statutes;
- 7 (3) "Average annual pay" means the average annual amount of the
- 8 base pay an employee received during the five years of active service in
- 9 which the employee received the highest amount of base pay;
- 10 (4) "Base pay" means the annual salary, wages or earnings of an
- 11 employee, not including overtime pay, payments received pursuant to
- 12 chapter 568 of the general statutes or payouts for accrued vacation time,

13 sick leave or compensatory time;

14 (5) "Continuous service" has the same meaning as provided in section
15 7-425 of the general statutes;

16 (6) "Fund" has the same meaning as provided in section 7-425 of the
17 general statutes;

18 (7) "Member" means a member of the municipal employees
19 retirement plan under part II of chapter 113 of the general statutes;

20 (8) "MERS 2.0" means the set of rules applicable to members who first
21 become eligible for membership on or after the applicable date set forth
22 in subsection (b) of this section;

23 (9) "Overtime pay" means compensation provided for overtime
24 above an employee's base pay;

25 (10) "Pay" has the same meaning as provided in section 7-425 of the
26 general statutes; and

27 (11) "Public safety employee" means a uniformed member of a
28 municipality's paid fire department or a regular member of a
29 municipality's paid police department.

30 (b) The set of rules set forth under this section shall be known as
31 MERS 2.0, which shall operate as another benefit tier within the
32 municipal employees retirement plan set forth in part II of chapter 113
33 of the general statutes. Any member who first becomes eligible for
34 membership in the municipal employees retirement system on any date
35 on or after the later of (1) July 1, 2026, or (2) the date of the expiration of
36 a collective bargaining agreement that was applicable to the member's
37 position and in effect on July 1, 2026, shall be enrolled in MERS 2.0
38 unless such municipality accepts for such employees, in accordance
39 with the provisions of section 7-427 of the general statutes, the cash
40 balance plan as set forth in section 2 of this act.

41 (c) The provisions of part II of chapter 113 of the general statutes shall
42 apply to MERS 2.0 in the same manner and with the same force and
43 effect as if the provisions of said part had been incorporated in full into
44 this section and had expressly referred to MERS 2.0, unless excepted
45 under this section. Where there is a conflict between a provision of said
46 part and this section, the provisions of this section shall prevail with
47 respect to MERS 2.0.

48 (d) Any member participating in MERS 2.0 shall be eligible for
49 retirement and to receive, upon completing the following, a retirement
50 allowance that is not subject to the actuarial reduction under subsection
51 (e) of this section, provided such member has had five years of
52 continuous service or fifteen years of active aggregate service in a
53 participating municipality:

54 (1) (A) Thirty years of aggregate service in a participating
55 municipality, or (B) five years of continuous service and upon attaining
56 the age of sixty-five years; and

57 (2) For members who are public safety employees, (A) twenty-five
58 years of aggregate service in a participating municipality, or (B) five
59 years of continuous service and upon attaining the age of fifty-five
60 years.

61 (e) Notwithstanding the provisions of subsection (d) of this section,
62 any member of MERS 2.0, other than a public safety employee, who (1)
63 is separated from the service of the municipality by which the member
64 is employed, except for cause, (2) has completed at least five years of
65 continuous service but fewer than thirty years of aggregate service, and
66 (3) has not attained the age of sixty-five years, shall have the option of
67 receiving a retirement allowance at any time on or after attaining the age
68 of fifty-five years, provided the retirement allowance shall be payable in
69 such amount as determined by the Connecticut Municipal Employees
70 Retirement Commission to be the actuarial equivalent of the retirement
71 allowance that would have been payable except for the election of such

72 option.

73 (f) Each member participating in MERS 2.0 shall contribute to the
74 fund five per cent of such member's base pay, except that each member
75 who is a public safety employee shall contribute to the fund eight per
76 cent of such member's base pay.

77 (g) (1) Except as provided in subsection (e) of this section, after
78 retirement, in accordance with the provisions of this section, each
79 member participating in MERS 2.0 shall receive, during such member's
80 lifetime, a retirement allowance payable in monthly installments equal
81 to one-twelfth of one and eight-tenths per cent of the member's average
82 annual pay or, for members who are public safety employees, one-
83 twelfth of two and two-tenths per cent of such employee's average
84 annual pay, multiplied by the number of months of such member's
85 aggregate service.

86 (2) For the purpose of calculating a member's average annual pay, the
87 member's base pay for a year in which such member held more than one
88 position or in which the base pay for such member's position changed
89 shall be the sum of the base pay for all positions held by the member
90 during such year, except that the base pay for each position shall be
91 multiplied by the fraction of one year for which the member held such
92 position.

93 (h) The provisions of the following sections shall apply to members
94 participating in MERS 2.0, as applicable: (1) Section 7-432 of the general
95 statutes concerning disability retirement allowances; (2) section 7-433b
96 of the general statutes concerning survivors' benefits for firemen and
97 policemen; (3) subsections (b) to (d), inclusive, of section 7-439g of the
98 general statutes concerning preretirement death benefits; and (4)
99 subsection (a) and subparagraph (G) of subdivision (1) of subsection (b)
100 of section 7-439b of the general statutes concerning cost of living
101 adjustments.

102 Sec. 2. (NEW) (*Effective from passage*) (a) As used in this section:

103 (1) "Aggregate service" has the same meaning as provided in section
104 7-425 of the general statutes;

105 (2) "Base pay" has the same meaning as provided in section 1 of this
106 act;

107 (3) "Continuous service" has the same meaning as provided in section
108 7-425 of the general statutes;

109 (4) "Fund" has the same meaning as provided in section 7-425 of the
110 general statutes;

111 (5) "Geometric average investment return" means the annual average
112 investment return, net of administrative and investment fees and
113 expenses, over the last five fiscal years as of the date on which an interest
114 credit is credited to a member's account as provided in subdivision (2)
115 of subsection (e) of this section, expressed as a percentage;

116 (6) "Member" means a member of the municipal employees
117 retirement plan under part II of chapter 113 of the general statutes;

118 (7) "MERS 2.0" has the same meaning as provided in section 1 of this
119 act;

120 (8) "Municipal employer" has the same meaning as provided in
121 section 7-467 of the general statutes;

122 (9) "Pay" has the same meaning as provided in section 7-425 of the
123 general statutes; and

124 (10) "Public safety employee" has the same meaning as provided in
125 section 1 of this act.

126 (b) The retirement plan established under this section shall be known
127 as the cash balance plan, which shall be an alternative municipal
128 employees retirement plan to MERS 2.0. On and after July 1, 2026, any
129 municipality may accept, in accordance with the provisions of section 7-

130 427 of the general statutes, a cash balance plan as its municipal
131 retirement plan.

132 (c) Any member participating in the cash balance plan shall be
133 eligible for retirement and to receive a retirement allowance upon
134 completing the following:

135 (1) Fifteen years of aggregate service in a participating municipality
136 or five years of continuous service, and upon attaining the age of fifty-
137 five years; and

138 (2) For members who are public safety employees, fifteen years of
139 aggregate service in a participating municipality or five years of
140 continuous service, and upon attaining the age of forty-five years.

141 (d) (1) Each member participating in the cash balance plan shall
142 contribute to the fund five per cent of such member's base pay, except
143 that each member who is a public safety employee shall contribute to
144 the fund seven per cent of such member's base pay.

145 (2) Except as provided in subdivision (3) of this subsection, each
146 participating municipality that has accepted the cash balance plan shall
147 contribute to the fund:

148 (A) For each member, six and twenty-five-hundredths per cent of the
149 member's base pay and for members who are public safety employees,
150 ten and one-half per cent of such employee's base pay, for each month
151 the member contributes to the cash balance plan;

152 (B) For each member who attains twenty-five years of aggregate
153 service with the participating municipality, eight and twenty-five-
154 hundredths per cent of the member's base pay and for each member
155 who is a public safety employee who attains twenty years of aggregate
156 service with the participating municipality, twelve and one-half per cent
157 of such member's base pay.

158 (3) Any member participating in the cash balance plan may elect to

159 make contributions at a percentage rate that is greater than that required
160 under subdivision (1) of this subsection. The municipal employer shall
161 contribute to the fund, for each such member, an additional fifty per cent
162 of the amount by which such member's contributions exceeds the
163 amount required under subdivision (1) of this subsection, up to a
164 maximum additional municipal employer contribution of one and one-
165 half per cent of such member's base pay.

166 (e) The cash balance plan shall provide a retirement benefit based on
167 a member's accumulated account balance at the time of retirement,
168 which shall include, at the time of retirement:

169 (1) The contributions required and permitted under subsection (d) of
170 this section; and

171 (2) Interest credits added annually to the member's accumulated
172 account balance. The interest credit for each fiscal year shall be
173 determined by multiplying the member's accumulated account balance
174 as of the last day of the preceding fiscal year by six per cent, provided
175 the Connecticut Municipal Employees Retirement Commission may set
176 the rate of the interest credit for any fiscal year at a percentage of not
177 less than four per cent and not greater than eight per cent. The
178 commission may set a rate, determined by the plan actuaries in response
179 to any actuarial gains or losses or geometric average investment return
180 of the cash balance plan that would impact the plan's funding rate,
181 provided such rate is within the specified percentage range.

182 (f) Any member who is eligible to retire under subsection (c) of this
183 section may elect to receive:

184 (1) A retirement allowance during such member's lifetime, payable in
185 monthly installments, by having such member's accumulated account
186 balance annuitized by the cash balance plan in accordance with the
187 actuarial assumptions and actuarial methods adopted by the
188 Connecticut Municipal Employees Retirement Commission and in
189 effect on the member's retirement date;

190 (2) A refund of such member's accumulated account balance; or

191 (3) A partial refund of such member's accumulated account balance
192 and receive a retirement allowance during such member's lifetime,
193 payable in monthly installments, by having the remainder of such
194 member's accumulated account balance annuitized in the manner
195 prescribed under subdivision (1) of this subsection.

196 (g) The provisions of the following sections shall apply to members
197 participating in the cash balance plan, as applicable: (1) Section 7-432 of
198 the general statutes concerning disability retirement allowances; (2)
199 section 7-433b of the general statutes concerning survivors' benefits for
200 firemen and policemen; and (3) subsections (b) to (d), inclusive, of
201 section 7-439g of the general statutes concerning preretirement death
202 benefits.

203 Sec. 3. (NEW) (*Effective from passage*) (a) Not later than July 1, 2026,
204 the Connecticut Municipal Employees Retirement Commission shall
205 create a defined contribution retirement plan to be known as the MERS
206 defined contribution plan.

207 (b) (1) Each member of the municipal employees retirement system
208 shall contribute to the fund one-fourth of one per cent of such member's
209 pay to the MERS defined contribution plan.

210 (2) In addition to the contributions under subdivision (1) of this
211 subsection, each member participating in MERS 2.0 shall contribute to
212 the fund five per cent of such member's overtime pay to the MERS
213 defined contribution plan, except that each member who is a public
214 safety employee shall contribute to the fund eight per cent of such
215 member's overtime pay to the MERS defined contribution plan.

216 (3) As used in this section, "fund" has the same meaning as provided
217 in section 7-425 of the general statutes and "MERS 2.0", "overtime pay"
218 and "public safety employee" have the same meanings as provided in
219 section 1 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section

Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section

Statement of Purpose:

To (1) establish a new municipal employees retirement plan tier and an alternative cash balance option, (2) require the Connecticut Municipal Employees Retirement Commission to create a defined contribution retirement plan, and (3) specify member contributions for such defined contribution retirement plan.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]