



General Assembly

January Session, 2015

***Raised Bill No. 6931***

LCO No. 4355



Referred to Committee on LABOR AND PUBLIC EMPLOYEES

Introduced by:  
(LAB)

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

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

1 Section 1. Section 7-425 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 The following words and phrases as used in this part, except as  
4 otherwise provided, shall have the following meanings:

5 (1) "Municipality" means any town, city, borough, school district,  
6 regional school district, taxing district, fire district, district department  
7 of health, probate district, housing authority, regional work force  
8 development board established under section 31-3k, regional  
9 emergency telecommunications center, tourism district established  
10 under section 10-397, flood commission or authority established by  
11 special act or regional council of governments;

12 (2) "Participating municipality" means any municipality that has  
13 accepted this part, as provided in section 7-427;

14 (3) "Legislative body" means, for towns having a town council, the  
15 council; for other towns, the selectmen; for cities, the common council  
16 or other similar body of officials; for boroughs, the warden and  
17 burgesses; for regional school districts, the regional board of  
18 education; for district departments of health, the board of the district;  
19 for probate districts, the judge of probate; for regional councils of  
20 governments, the council; for regional emergency telecommunications  
21 centers, a representative board; for tourism districts, the board of  
22 directors of such tourism district; and in all other cases the body  
23 authorized by the general statutes or by special act to make ordinances  
24 for the municipality;

25 (4) "Retirement Commission" means the State Retirement  
26 Commission created by chapter 66;

27 (5) "Member" means any regular employee or elective officer  
28 receiving pay from a participating municipality, and any regular  
29 employee of a free public library that receives part or all of its income  
30 from municipal appropriation, who has been included by such  
31 municipality in the pension plan as provided in section 7-427, but shall  
32 not include (A) any person who customarily works less than twenty  
33 hours a week if such person entered employment after September 30,  
34 1969, (B) any police officer or firefighter who will attain the  
35 compulsory retirement age after less than five years of continuous  
36 service in fund B, (C) any teacher who is eligible for membership in the  
37 state teachers retirement system, (D) any person eligible for  
38 membership in any pension system established by or under the  
39 authority of any special act or of a charter adopted under the  
40 provisions of chapter 99, [or] (E) any person holding a position funded  
41 in whole or in part by the federal government as part of any public  
42 service employment program, on-the-job training program or work  
43 experience program, provided persons holding such federally funded  
44 positions on July 1, 1978, shall not be excluded from membership but  
45 may elect to receive a refund of their accumulated contributions  
46 without interest, or (F) any regular employee or elective officer

47 receiving pay from a participating municipality, and any regular  
48 employee of a free public library that receives part or all of its income  
49 from municipal appropriation, who is hired on or after October 1, 2015;

50 (6) "Pay" means the salary, wages or earnings of an employee,  
51 including any payments received pursuant to chapter 568 and the  
52 money value as determined by the Retirement Commission of any  
53 board, lodging, fuel or laundry provided for such employee by the  
54 municipality but not including any fees or allowances for expenses;

55 (7) "Fund" and "fund B" means the Connecticut Municipal  
56 Employees' Retirement Fund B;

57 (8) "Continuous service" and "service" means active service as a  
58 member, or active service prior to becoming a member if such service  
59 (A) was in a department for which participation was subsequently  
60 accepted and not subsequently withdrawn, (B) was continuous to the  
61 date of becoming a member except service for which credit is granted  
62 pursuant to section 7-436a, and (C) would have been as a member if  
63 the department had then been participating, all subject to the  
64 provisions of section 7-434;

65 (9) "System" means the Old Age and Survivors Insurance System  
66 under Title II of the Social Security Act, as amended;

67 (10) "Social Security Act" means the Act of Congress, approved  
68 August 14, 1935, Chapter 531, 49 Stat. 620, officially cited as the Social  
69 Security Act, including regulations and requirements issued pursuant  
70 thereto, as such act has been and may from time to time be amended;

71 (11) "Regional emergency telecommunications center" means any  
72 entity authorized by the Department of Emergency Services and Public  
73 Protection as a public safety answering point responsible for the  
74 receipt and processing of 9-1-1 calls for at least three municipalities.

75 Sec. 2. (NEW) (*Effective from passage*) (a) For purposes of this section:

76 (1) "Defined contribution plan" or "plan" means an employee  
77 retirement plan described in Section 401(k) or 403(b) of the Internal  
78 Revenue Code of 1986, or any subsequent corresponding internal  
79 revenue code of the United States, as amended from time to time, or a  
80 governmental deferred compensation plan described in Section 457 of  
81 said Internal Revenue Code, or a payroll deduction Individual  
82 Retirement Account plan described in Section 408 or 408A of said  
83 Internal Revenue Code;

84 (2) "Employee" means any regular employee or elective officer  
85 receiving pay from a participating municipality, and any regular  
86 employee of a free public library that receives part or all of its income  
87 from municipal appropriation;

88 (3) "Member" means "member" as defined in section 7-425 of the  
89 general statutes, as amended by this act; and

90 (4) "Retirement Commission" means the State Retirement  
91 Commission created by chapter 66 of the general statutes.

92 (b) Not later than October 1, 2015, the Retirement Commission shall  
93 identify a defined contribution plan or plans that may be offered by a  
94 municipality to any employee hired on or after October 1, 2015, and to  
95 any member, provided such plan has been subject to collective  
96 bargaining between such municipality and any labor organization  
97 representing such employee or member.

98 (c) The provisions of the defined contribution plan or plans shall be  
99 as determined by the Retirement Commission.

100 (d) Any municipality participating in the Municipal Employees'  
101 Retirement Fund shall have the option of adopting the defined  
102 contribution plan or plans for its members. Such adoption shall be in a  
103 manner prescribed by the Retirement Commission.

104 (e) Any municipality that offers a defined contribution plan or plans

105 to its employees or members shall be relieved of liability for the  
106 investment decisions made by the municipality on behalf of any  
107 participating employee or member under an automatic contribution  
108 arrangement, provided:

109 (1) The plan or plans allow the employee or member at least  
110 quarterly opportunities to select investments for the employee's  
111 contributions between investment alternatives available under the plan  
112 or plans;

113 (2) The employee or member is given notice of the investment  
114 decisions that will be made in the absence of the employee's direction,  
115 a description of all the investment alternatives available under the plan  
116 or plans and a brief description of procedures available for the  
117 employee to change investments; and

118 (3) The employee or member is given at least annual notice of the  
119 actual investments made on behalf of the employee under the plan or  
120 plans.

121 (f) Nothing in this section shall modify any existing responsibility of  
122 a municipality or any plan officials for the selection of investment  
123 funds for employees or members.

124 (g) The Labor Commissioner shall adopt regulations, in accordance  
125 with the provisions of chapter 54 of the general statutes, to implement  
126 the provisions of this section.

127 (h) Nothing in this section shall be construed to diminish or impair  
128 the rights of any person under any collective bargaining agreement.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	7-425
Sec. 2	<i>from passage</i>	New section

***Statement of Purpose:***

To lessen the financial burdens on municipalities by providing defined contribution retirement plans for municipal employees hired on or after October 1, 2015.

*[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.]*