

OFFICE OF FISCAL ANALYSIS

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SB-1081

AN ACT CONCERNING THE INTEREST RATE RELATING TO
TEACHERS' RETIREMENT SYSTEM COST-OF-LIVING
ALLOWANCES AND RESERVING CERTAIN LOTTERY FUND
REVENUE FOR THE CONNECTICUT TEACHERS' RETIREMENT
FUND BONDS SPECIAL CAPITAL RESERVE FUND.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill, which makes conforming and technical changes, has no anticipated fiscal impact.

Section 1 amends the statutes governing the Teachers' Retirement System's (TRS) cost-of-living allowances (COLAs) by changing the investment return threshold from 8.5% to 6.9% to align it with the current assumed rate of return used in the TRS actuarial valuation. The TRS actuary determined that the change in the investment return threshold has no anticipated actuarial impact and therefore no fiscal impact to the state contribution to the fund. The overarching component of the COLA assumption is the annual rate of increase granted by the Social Security Administration.

Section 2 which specifies that online Lottery Fund revenue are first pledged for payment to the Teachers' Retirement Funds bonds special capital reserve fund is technical in nature and has no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

Sources: Cavanaugh Macdonald Consulting, COLA Assumptions for Actuarial Valuations, 3/12/20