



General Assembly

February Session, 2024

Substitute Bill No. 5515



AN ACT ESTABLISHING THE MUNICIPAL EMPLOYEES RETIREMENT COMMISSION AND 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 July 1, 2024*) (a) (1) On and after January 1,
2 2025, the general administration and responsibility for the proper
3 operation of the Policemen and Firemen Survivors' Benefit Fund under
4 part V of chapter 104 of the general statutes and the municipal
5 employees' retirement system under part II of chapter 113 of the general
6 statutes is vested in a board of trustees to be known as the Connecticut
7 Municipal Employees Retirement Commission. The Connecticut
8 Municipal Employees Retirement Commission shall constitute a
9 successor commission to the Connecticut State Employees Retirement
10 Commission, with respect to the provisions of part V of chapter 104 of
11 the general statutes and part II of chapter 113 of the general statutes, in
12 accordance with the provisions of sections 4-38d and 4-39 of the general
13 statutes. The Connecticut Municipal Employees Retirement
14 Commission shall be within the Retirement Services Division of the
15 office of the State Comptroller for administrative purposes only.

16 (2) The Retirement Services Division shall (A) provide record
17 keeping, reporting and related administrative and clerical functions for
18 the Connecticut Municipal Employees Retirement Commission to the
19 extent deemed necessary by the State Comptroller, (B) disseminate for

20 said commission any required notices or rules or orders adopted,
21 amended or repealed by said commission, and (C) provide staff for said
22 commission subject to the provisions of subdivision (3) of subsection (a)
23 of section 4-38f of the general statutes. The office of the State
24 Comptroller shall include in its budget the Connecticut Municipal
25 Employees Retirement Commission's budgetary request, if any, as a
26 separate part of such budget, exactly as prepared and submitted to the
27 office by said commission.

28 (3) The State Comptroller shall serve as secretary of the Connecticut
29 Municipal Employees Retirement Commission and provide secretariat
30 support to said commission. The Connecticut Municipal Employees
31 Retirement Commission shall meet at least monthly and shall report to
32 the Governor in accordance with the provisions of section 4-60 of the
33 general statutes.

34 (b) Notwithstanding the provisions of section 4-9a of the general
35 statutes, the Connecticut Municipal Employees Retirement Commission
36 shall consist of the following:

37 (1) The State Comptroller, or the State Comptroller's designee, who
38 shall be a nonvoting, ex-officio member and shall preside at meetings of
39 the Connecticut Municipal Employees Retirement Commission;

40 (2) The State Treasurer, or the State Treasurer's designee, who shall
41 be a nonvoting, ex-officio member;

42 (3) Four trustees who represent employees, each of whom shall be
43 appointed by the Governor, with the advice and consent of a federation
44 in the state of labor organizations in the state that represent private and
45 public employees and workers in the building trades, (A) one of whom
46 shall be (i) a municipal public safety employee who is a member of the
47 municipal employees' retirement system, or (ii) an elected leader of a
48 labor organization representing such public safety employees, (B) two
49 of whom shall be (i) a municipal employee, other than a public safety
50 employee, who is a member of the municipal employees' retirement
51 system, or (ii) an elected leader of a labor organization representing such

52 municipal employees, and (C) one of whom shall be a retired member
53 of the municipal employees' retirement system;

54 (4) Four trustees who represent government employers, who shall
55 not be required to represent or be in the active service of a participating
56 municipality, as defined in section 7-425 of the general statutes, as
57 amended by this act, (A) one of whom shall represent a municipal
58 employer and shall be appointed by the Governor, with the advice and
59 consent of an organization in the state that represents small towns, (B)
60 two of whom shall represent municipal employers and shall be
61 appointed by the Governor, with the advice and consent of an
62 organization in the state that represents municipalities, and (C) one of
63 whom shall represent housing authorities in the state and shall be
64 appointed by the Governor, with the advice and consent of an
65 organization in the state that represents housing and redevelopment
66 officials in the state;

67 (5) Two trustees who shall be appointed by the State Comptroller,
68 who possess expertise and experience in financial management,
69 actuarial science or pension management; and

70 (6) One neutral trustee who shall serve as the chairperson of the
71 Connecticut Municipal Employees Retirement Commission and be
72 appointed by the Governor, with the advice and consent of the trustees
73 appointed under subdivisions (3) and (4) of this subsection. The
74 chairperson shall cast a vote on a matter before said commission only in
75 the event of a tie vote.

76 (c) (1) All initial appointments to the Connecticut Municipal
77 Employees Retirement Commission shall be made not later than
78 October 1, 2024, and shall terminate, except as provided in subdivision
79 (2) of this subsection, on September 30, 2028, regardless of when the
80 initial appointment was made.

81 (2) Two of the trustees appointed under subdivision (3) of subsection
82 (b) of this section, two of the trustees appointed under subdivision (4)
83 of subsection (b) of this section and one of the trustees appointed under

84 subdivision (5) of subsection (b) of this section, as selected by the
85 appointing authority, shall serve an initial term of two years, which shall
86 terminate on September 30, 2026, regardless of when the initial
87 appointment was made.

88 (3) Subsequent terms shall be for four years. Any vacancy shall be
89 filled by the appointing authority in accordance with the provisions of
90 subsection (b) of this section. Any vacancy occurring other than by
91 expiration of term shall be filled for the balance of the unexpired term.

92 (d) (1) Each trustee shall act as a fiduciary with respect to the
93 Policemen and Firemen Survivors' Benefit Fund and the municipal
94 employees' retirement system and the members of said fund and such
95 retirement system. The trustees shall discharge their duties solely in the
96 interest of the members and the beneficiaries and contingent annuitants
97 of said fund and such retirement system, for the exclusive purposes of
98 providing benefits to such members, beneficiaries and annuitants and
99 defraying reasonable expenses of administering said fund and such
100 retirement system.

101 (2) Each trustee shall, not later than ten days after appointment, take
102 an oath of office that so far as it devolves upon the trustee, the trustee
103 will diligently and honestly administer the affairs of the Policemen and
104 Firemen Survivors' Benefit Fund and the municipal employees'
105 retirement system and will not knowingly violate or willingly permit to
106 be violated any provision of law applicable to said fund or such
107 retirement system.

108 (e) The State Comptroller shall establish an orientation program and
109 fiduciary training for new trustees. Each trustee shall, not later than
110 thirty days after appointment, complete such program and training and
111 shall annually complete continuing education hours, as required by the
112 State Comptroller, in financial management, actuarial science or
113 pension management. The State Comptroller shall publish the activities
114 and courses the State Comptroller deems acceptable for purposes of
115 fulfilling the continuing education requirement under this subsection.

116 (f) A majority of the members of the Connecticut Municipal
117 Employees Retirement Commission shall constitute a quorum for the
118 transaction of any business, the exercise of any power or the
119 performance of any duty authorized or imposed by law.

120 (g) The trustees of the Connecticut Municipal Employees Retirement
121 Commission shall serve without compensation, but shall, within the
122 limits of available funds, be reimbursed for expenses necessarily
123 incurred in the performance of their duties.

124 (h) All assets of the Policemen and Firemen Survivors' Benefit Fund
125 and the municipal employees' retirement system shall be held in trust
126 by the State Treasurer, who shall act as a fiduciary of said fund and such
127 retirement system. The State Treasurer shall manage and control such
128 assets, except as the Connecticut Municipal Employees Retirement
129 Commission or a municipal retirement plan expressly may otherwise
130 provide. The State Treasurer shall discharge the State Treasurer's duties
131 solely in the interest of the members and the beneficiaries and
132 contingent annuitants of said fund and such retirement system, for the
133 exclusive purposes of providing benefits to such members, beneficiaries
134 and annuitants, by diversifying the investments of said fund and such
135 retirement system so as to minimize the risk of large losses, unless,
136 under the circumstances, it is clearly prudent not to do so.

137 (i) The Connecticut Municipal Employees Retirement Commission
138 shall have general supervision of the operation of the Policemen and
139 Firemen Survivors' Benefit Fund and the municipal employees'
140 retirement system and shall conduct the business and activities of said
141 fund and such retirement system in accordance with the provisions of
142 part V of chapter 104 of the general statutes and part II of chapter 113 of
143 the general statutes, as applicable, and applicable law. The Connecticut
144 Municipal Employees Retirement Commission shall act, in conducting
145 the business of said fund and such retirement system, including said
146 commission's supervisory functions: (1) With the care, skill, prudence
147 and diligence under the circumstances then prevailing that a prudent
148 person acting in a like capacity and familiar with such matters would

149 use in the conduct of an enterprise of a like character and with like aims;
150 (2) in accordance with strict fiduciary standards and responsibilities;
151 and (3) in accordance with the provisions of the general statutes and
152 applicable collective bargaining agreements.

153 (j) The Connecticut Municipal Employees Retirement Commission
154 may, by resolution or regulation, allocate fiduciary responsibilities and
155 various administrative duties to committees or subcommittees of said
156 commission and may delegate such responsibilities and duties to the
157 Retirement Services Division of the office of the State Comptroller or to
158 other individuals the Connecticut Municipal Employees Retirement
159 Commission deems appropriate or necessary, provided such delegation
160 is consistent with the provisions of this section.

161 (k) The Connecticut Municipal Employees Retirement Commission
162 may hold hearings when said commission deems them necessary in the
163 performance of its duties. The hearings shall be governed by rules and
164 regulations adopted by said commission and said commission shall not
165 be bound by technical rules of evidence.

166 (l) The Connecticut Municipal Employees Retirement Commission
167 may hire a general counsel who shall serve at the pleasure of said
168 commission, have offices in the Retirement Services Division of the
169 office of the State Comptroller and perform duties as directed by said
170 commission. The Connecticut Municipal Employees Retirement
171 Commission may obtain such additional legal advice and assistance as
172 it deems advisable.

173 (m) (1) All municipal retirement plans, descriptions and reports and
174 all legal, financial and actuarial documents dealing with the general
175 operations of the Policemen and Firemen Survivors' Benefit Fund and
176 the municipal employees' retirement system shall be available for
177 inspection and copying by members of said fund or such retirement
178 system, as applicable, and their representatives. The cost of any copying
179 shall be borne by the member or representative but shall not exceed
180 twenty-five cents per page.

181 (2) The Connecticut Municipal Employees Retirement Commission
182 shall notify members of any substantial statutory amendments to the
183 Policemen and Firemen Survivors' Benefit Fund or to the municipal
184 employees' retirement system, not later than two hundred ten days after
185 the effective date of such amendments.

186 (3) Not later than December 31, 2025, and annually thereafter, the
187 State Treasurer shall publish and forward to the Connecticut Municipal
188 Employees Retirement Commission a consolidated report showing the
189 fiscal transactions of the Policemen and Firemen Survivors' Benefit
190 Fund and the municipal employees' retirement system for the preceding
191 fiscal year, including gain or loss by category of security, a reconciliation
192 of assets showing the progression of the funds of said fund and such
193 retirement system from one year to the next, the amount of the
194 accumulated cash and securities of said fund and such retirement
195 system and the last balance sheet showing the financial condition of said
196 fund and such retirement system by means of an actuarial valuation of
197 their assets and liabilities. Assets shall be shown at book and market
198 value and by type or term of investment. Gain or loss shall be reported
199 by category of security type. The reporting requirement under this
200 subdivision shall be satisfied if the State Treasurer completes an Internal
201 Revenue Service form 5500 and submits it to the Connecticut Municipal
202 Employees Retirement Commission, provided the information included
203 therein is sufficient to allow the computation of the investment yields of
204 the funds of said fund and such retirement system on an annual basis.

205 (n) The Connecticut Municipal Employees Retirement Commission
206 may adopt such regulations, in accordance with the provisions of
207 chapter 54 of the general statutes, as are necessary to carry out the
208 provisions of part V of chapter 104 of the general statutes and part II of
209 chapter 113 of the general statutes and may establish rules and
210 regulations that said commission deems necessary or desirable to
211 facilitate the proper administration of the Policemen and Firemen
212 Survivors' Benefit Fund and the municipal employees' retirement
213 system. Rules and regulations established by the Connecticut Municipal
214 Employees Retirement Commission shall be binding upon all parties

215 dealing with said commission and all persons claiming any benefits
216 from said fund or such retirement system.

217 Sec. 2. Subsection (a) of section 7-438 of the general statutes is
218 repealed and the following is substituted in lieu thereof (*Effective from*
219 *passage*):

220 (a) Any member retired under this part who again accepts
221 employment from the state or from any municipality of the state other
222 than a participating municipality, shall continue to receive his or her
223 retirement allowance while so employed, and shall be eligible to
224 participate, and shall be entitled to credit, in the state retirement system
225 or such retirement system of such municipality, as applicable, for the
226 period of such [state] employment. [, but he or she shall not be eligible
227 to participate or be entitled to credit in any municipal retirement system
228 for the period of such municipal employment.]

229 Sec. 3. (NEW) (*Effective from passage*) (a) On or after July 1, 2025, the
230 State Comptroller shall create a municipal defined contribution
231 retirement plan and prescribe the manner in which such retirement plan
232 may be adopted by any municipality, as defined in section 7-425 of the
233 general statutes, as amended by this act.

234 (b) Any such retirement plan shall provide that a municipality that
235 adopts such plan shall have the option to transfer to such plan the
236 accounts and assets of any defined contribution retirement plan
237 previously adopted by such municipality. Payroll deductions for each
238 member of the defined contribution plan created under this section shall
239 be made by the appropriate municipal employer.

240 (c) The State Comptroller shall serve as the administrator of the
241 retirement plan created under this section. The State Comptroller may
242 (1) enter into contractual agreements on behalf of the state with
243 members of such plan to defer any portion of such member's
244 compensation from the adopting municipality, (2) make deposits or
245 payments to such plan, subject to the terms of such plan, and (3) contract
246 with a private corporation or private institution for the provision of

247 consolidated billing services and other administrative services for such
248 plan.

249 Sec. 4. Subsections (a) to (c), inclusive, of section 5-155a of the general
250 statutes are repealed and the following is substituted in lieu thereof
251 (*Effective January 1, 2025*):

252 (a) The general administration and responsibility for the proper
253 operation of the state employees retirement system is vested in a single
254 board of trustees to be known as the Connecticut State Employees
255 Retirement Commission. Notwithstanding the provisions of section 4-
256 9a, the Retirement Commission shall consist of the following: (1) The
257 Treasurer or a designee, who shall be a nonvoting, ex-officio member;
258 (2) the Comptroller or a designee, who shall be a nonvoting, ex-officio
259 member; (3) six trustees representing employees who shall (A) be
260 appointed by the bargaining agents in accordance with the provisions
261 of applicable collective bargaining agreements, (B) serve three-year
262 terms, and (C) not be members of the same bargaining unit; (4) six
263 management trustees who shall (A) be members of the state employees
264 retirement system, (B) serve three-year terms, and (C) be appointed by
265 the Governor; (5) two actuarial trustees who shall (A) be enrolled
266 actuaries and Fellows of the Society of Actuaries, (B) serve three-year
267 terms, and (C) be appointed by the Governor. One actuarial trustee shall
268 be nominated by the management trustees and one shall be nominated
269 by the trustees representing employees; and (6) one neutral trustee who
270 shall be chairman of the commission and who shall (A) be enrolled in
271 the National Academy of Arbitrators, (B) serve a two-year term, and (C)
272 be nominated by the employee and management trustees and appointed
273 by the Governor. If a vacancy occurs in the office of a trustee, the
274 vacancy shall be filled for the unexpired term in the same manner as the
275 office was previously filled. The trustees, with the exception of the
276 chairman and the actuarial trustees, shall serve without compensation
277 but shall be reimbursed in accordance with the standard travel
278 regulations for all necessary expenses that they may incur through
279 service on the commission. The chairman and the actuarial trustees shall
280 be compensated at their normal and usual per diem fee, plus travel

281 expenses, from the funds of the retirement system for each day of service
282 to the commission. Each trustee shall, within ten days after appointment
283 or election, take an oath of office that so far as it devolves upon the
284 trustee, the trustee will diligently and honestly administer the affairs of
285 the commission, and will not knowingly violate or willingly permit to
286 be violated any of the provisions of law applicable to the state retirement
287 system. Each trustee's term shall begin from the date the trustee takes
288 such an oath. [The trustees shall appoint a representative from among
289 the municipalities that have accepted the provisions of part II of chapter
290 113, who shall serve as a municipal liaison to the commission, at the
291 commission's pleasure and under such terms and conditions as the
292 commission may prescribe.] Each trustee shall be entitled to one vote on
293 the commission. A majority of the commission shall constitute a quorum
294 for the transaction of any business, the exercise of any power or the
295 performance of any duty authorized or imposed by law. The State
296 Employee Retirement Commission shall be within the Retirement
297 Division of the office of the Comptroller for administrative purposes
298 only. The Comptroller shall be the secretary of the commission and shall
299 provide secretariat support to the commission.

300 (b) The Retirement Commission shall meet at least monthly and shall
301 report to the Governor as provided in section 4-60.

302 (c) The Retirement Commission shall administer this retirement
303 system [, the municipal employees' retirement system established by
304 part II of chapter 113] and all other state retirement and pension plans
305 except the Teachers' Retirement Fund. The Retirement Commission
306 shall have general supervision of the operation of the retirement system,
307 shall conduct the business and activities of the system, in accordance
308 with this chapter and applicable law and each trustee shall be a fiduciary
309 with respect to the retirement system and its members. The Retirement
310 Commission shall authorize the participation in an alternate retirement
311 program by the eligible unclassified employees of the constituent units
312 of the state system of higher education and the central office staff of the
313 Board of Regents for Higher Education. Such program may be
314 underwritten by a life insurance company licensed to do business in this

315 state. In conducting the business of the system, including its oversight
316 functions, the Retirement Commission shall act: (1) With the care, skill,
317 prudence and diligence under the circumstances then prevailing that a
318 prudent person acting in a like capacity and familiar with such matters
319 would use in the conduct of an enterprise of a like character and with
320 like aims; (2) in accordance with strict fiduciary standards and
321 responsibilities; and (3) in accordance with the provisions of the general
322 statutes and applicable collective bargaining agreements.

323 Sec. 5. Section 7-323a of the general statutes is repealed and the
324 following is substituted in lieu thereof (*Effective January 1, 2025*):

325 As used in this part: "Municipality" and "legislative body" shall each
326 have the same meaning ascribed to it in section 7-425, as amended by
327 this act; "participating municipality" means any municipality which
328 votes to accept the provisions of this part; "fund" means the Policemen
329 and Firemen Survivors' Benefit Fund established by this part;
330 "Retirement Commission" means the [State Retirement Commission
331 created by chapter 66] Connecticut Municipal Employees Retirement
332 Commission established under section 1 of this act; "member" means
333 any active uniformed policeman or active uniformed fireman receiving
334 pay from a participating municipality who has been included by such
335 municipality under the provisions of this part, and "compensation"
336 means one-twelfth of the annual rate of pay of a full-time paid
337 policeman or fireman of a participating municipality who is in active
338 service and one-twelfth of the annual rate of pay immediately prior to
339 the retirement of a full-time paid policeman or fireman of a participating
340 municipality who is retired.

341 Sec. 6. Subdivision (4) of section 7-425 of the 2024 supplement to the
342 general statutes is repealed and the following is substituted in lieu
343 thereof (*Effective January 1, 2025*):

344 (4) "Retirement Commission" means the [State Retirement
345 Commission created by chapter 66] Connecticut Municipal Employees
346 Retirement Commission established under section 1 of this act;

347 Sec. 7. Subdivision (2) of section 7-452 of the general statutes is
348 repealed and the following is substituted in lieu thereof (*Effective January*
349 *1, 2025*):

350 (2) "Commission" means the [State] Connecticut Municipal
351 Employees Retirement Commission established under section 1 of this
352 act;

353 Sec. 8. Section 7-439f of the general statutes is repealed. (*Effective from*
354 *passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2024</i>	New section
Sec. 2	<i>from passage</i>	7-438(a)
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>January 1, 2025</i>	5-155a(a) to (c)
Sec. 5	<i>January 1, 2025</i>	7-323a
Sec. 6	<i>January 1, 2025</i>	7-425(4)
Sec. 7	<i>January 1, 2025</i>	7-452(2)
Sec. 8	<i>from passage</i>	Repealer section

Statement of Legislative Commissioners:

In Section 1(m)(3), "or retirement system" was changed to "and such retirement system" for consistency and accuracy, and "investment yield of the fund" was changed to "investment yields of the funds of said fund and such retirement system" for accuracy.

FIN Joint Favorable Subst. -LCO