

UPDATE

Pension Re-Amortization Discussions

July 18, 2019

- ▶ Administrative & Residual Employees Union, AFT Local 4200
- ▶ AFT Connecticut
- ▶ American Association of University Professors – Connecticut State University
- ▶ American Association of University Professors – UCONN
- ▶ American Federation of State, County, & Municipal Employees - Council 4
- ▶ Congress of Connecticut Community Colleges/ SEIU Local 1973
- ▶ Connecticut Association of Prosecutors
- ▶ Connecticut Employees Union Independent/ SEIU Local 511
- ▶ Connecticut Federations of School Administrators Local 61
- ▶ Connecticut Police and Fire Union/IAFF-IUPA
- ▶ CSEA SEIU Local 2001
- ▶ International Brotherhood of Police Officers/SEIU Local 731
- ▶ Judicial Professional Employees Union, AFT Local 4200B
- ▶ New England Healthcare Employees Union, District 1199/SEIU
- ▶ UConn Health Center Faculty – AAUP

SEBAC and the Lamont Administration have completed their discussions on pension re-amortization in accordance with the recently passed biennial budget and have reached an agreement. It keeps the parties' commitment to make no change in pension benefits.

The agreement will be submitted to the General Assembly for approval.

This is part of our continuing effort to work with the Lamont Administration on "win-win" solutions for achieving efficiency that will benefit everyone.

Completing the re-amortization of the state pension fund, adjusting the schedule to pay off Connecticut's pension debt, will help stabilize state pensions and ensure obligations to current and future retirees are fully funded; it was included in the recently passed budget along with re-amortizing the Teacher's Retirement Fund.

None of the proposed savings would result in changes to the pension and health insurance benefits of state employees or retirees.

SEBAC will not be part of asking for more sacrifices for state employees, who have already given so much for the people we serve. Our 2017 agreement is saving Connecticut taxpayers \$25 billion over the next 20 years, helping to close the chronic budget deficits that imperil vital public services.

Attached —
 July 15, 2019 Memorandum of Understanding


MEMORANDUM OF UNDERSTANDING


THIS AGREEMENT is made by and between the State of Connecticut, acting herein through the Secretary of the Office of Policy and Management (hereinafter “the State”) and the State Employees Bargaining Agent Coalition, acting herein through the designated representatives of its constituent unions (hereinafter “SEBAC”), for the purpose of amending certain terms and conditions governing the State Employees’ Retirement System (“SERS”), as provided in the Agreements between SEBAC and the State.

The following changes shall be implemented effective upon approval by the parties:

1. Unfunded liability shall be maintained using Entry Age Normal as the actuarial cost method.
2. The pension funding method shall be the level dollar method with a five (5) year phase in. By mutual agreement of the parties, this may be adjusted up to an eight (8) year phase in.
3. Reset of the Amortization Period:
 - a. Unfunded liability as of 2018 shall be paid off by June 30, 2047.
 - b. Actuarial gains and losses going forward will be amortized using a 25 year layered amortization approach.

Dated this 15th day of July, 2019.


S. Fae Brown-Brewton, Chief Negotiator
State of Connecticut


Daniel E. Livingston, Chief Negotiator
SEBAC