

# CONNECTICUT MUNICIPAL EMPLOYEES UNITING FOR THE FUTURE: Accelerating Retirement Policy Progress

Prepared by the Office of the State Comptroller's Retirement Services Division



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# CMERS At a Glance



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107 Municipalities



10,332 Active members



8,932 Retired members



Established in 1947

**\$28,200**

Average Annual Benefit

**\$1.25 B**

Unfunded Liability

**7%**

Assumed Investment Return

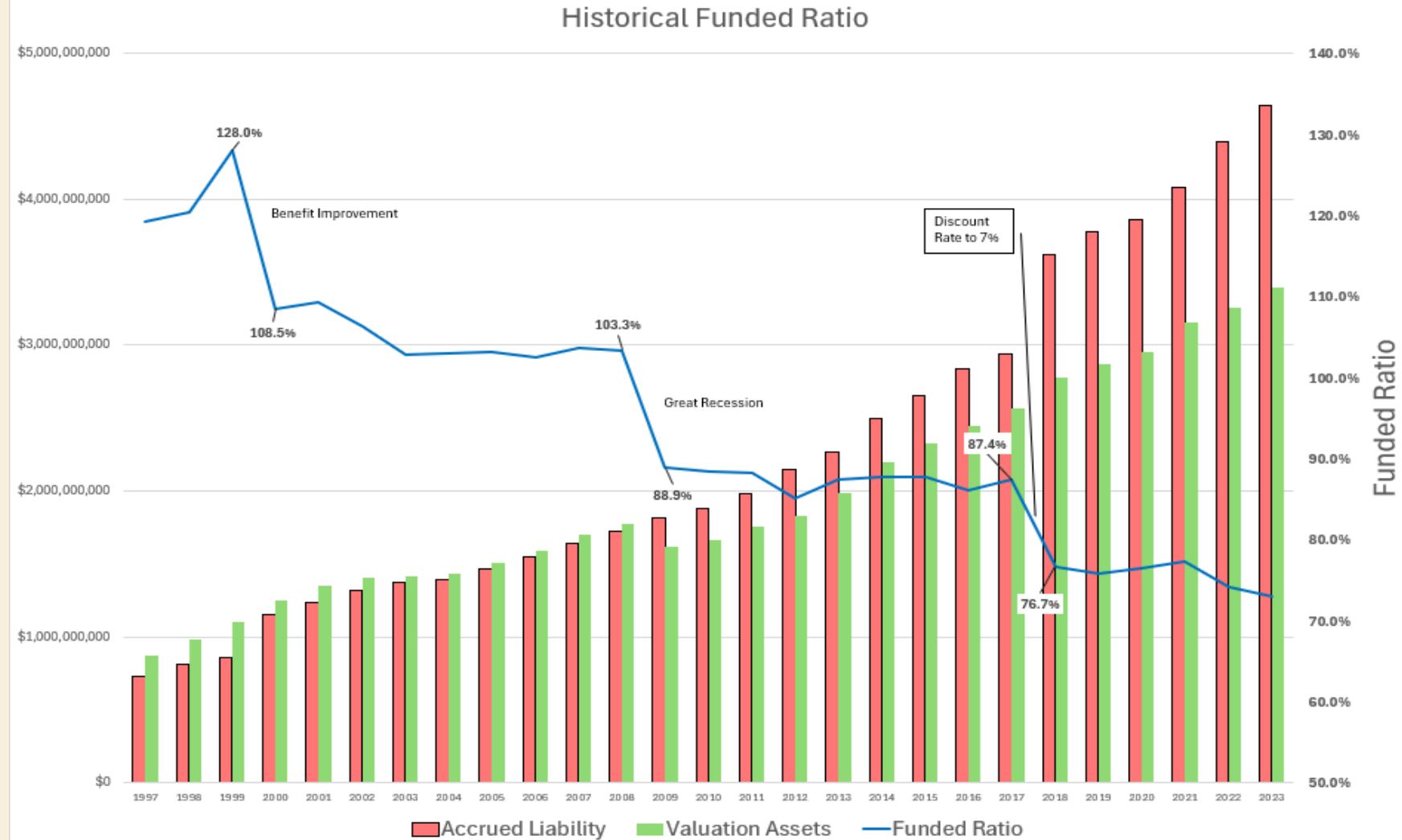
**73.00%**

Funded Ratio

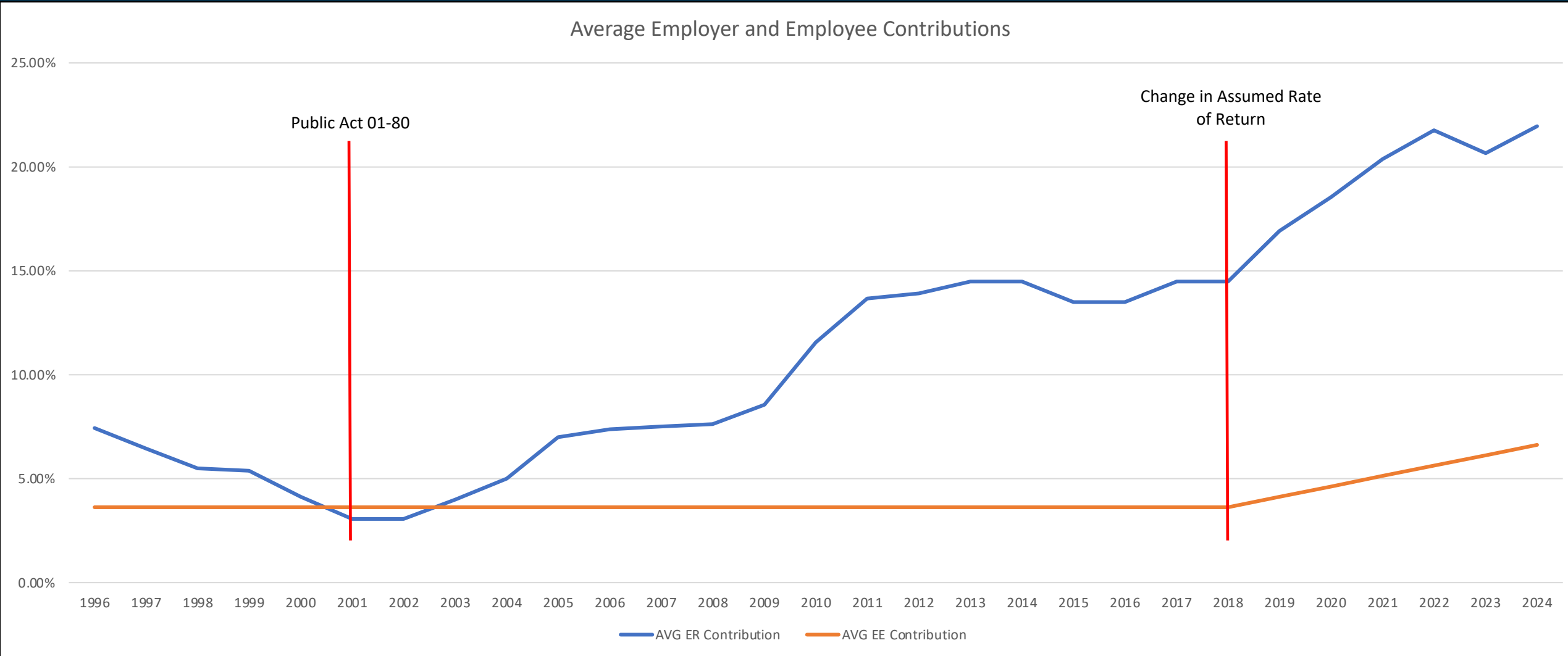
# Average Employer & Employee Contribution Rate



- Like many other public plans around the country, CMERS was overfunded in the late 1990s and early 2000s and elected to enhance benefits (Public Act 01-80)
- THEN** we experienced the Great Recession and for successive years struggled to achieve the actuarial assumed rate of return.
- THEN** we adjusted our assumed rate of return from 8% to 7%
- The cumulative effect of those events resulted in significant increases in employer contributions



# Average Employer & Employee Contribution Rate



# CMERS Reforms (First Phase)



- In March 2023, Connecticut State Comptroller Sean Scanlon organized a working group, made up of representatives of both union and management leaders, to consider and propose a set of CMERS reforms.
- The working group reached an initial agreement on the following set of current and future reforms:
  - COLA and benefit multiplier changes
  - Offering a Deferred Retirement Option Plan (DROP)
  - Re-amortizing the unfunded liability
  - Reforming the plan's governance structure
  - Continuation of work on building new tier/plan option(s)
  - Collecting data on non-CMERS pension plans

# CMERS Reforms (First Phase)



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## ■ Public Act 23-182:

- Enacted the CMERS working group's proposed reforms;
- Required Connecticut municipalities to submit a large set of pension plan data for analysis;
- Data and analysis will assist in the creation of a report for the legislature establishing public pension plan best practices.
- The CMERS working group will also rely on this analysis in considering any future proposed CMERS reforms.



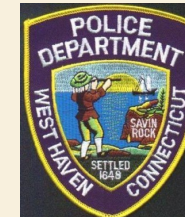
- Raised Bill No. 935: “An Act Requiring Pensions for Police Officers and Firefighters Employed by Municipalities”
- Public testimony highlighted:
  - The challenges Connecticut municipalities face in recruiting and retaining public safety employees;
  - The role DC and DB plans play in those efforts;
  - The obstacles municipalities face in switching from DC to DB plans (or vice versa).





## Connecticut Municipal Police Departments: Case Studies

- Branford Police Department:
  - 2011 closed DB plan to new hires
  - 2019 re-opened DB plan retroactively
- West Haven Police Department:
  - 2009 closed DB plan to new hires
  - 2023 labor agreement to re-open DB plan
- Trumbull Police Department:
  - 2023 increased ER contribution to DC plan from 7% to 10%
  - Analyzing potential switch from DC plan to a DB or hybrid plan
- Ledyard Police Department:
  - 2009 closed DB plan to new hires
  - DC plan recently increased ER contribution from 6% to 12%





# Is CMERS the Best Option?



## Obstacles to Joining CMERS in its Present Form:

- No flexibility in plan design
- Reduced ability to negotiate labor costs
- Limited municipal representation on the governing retirement board
- Funding level of the Connecticut State Employees Retirement System
- Complexities and costs of converting credit from closed (underfunded) DB plans to CMERS

