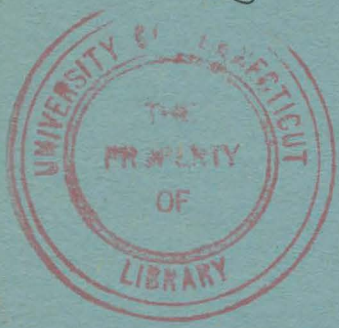


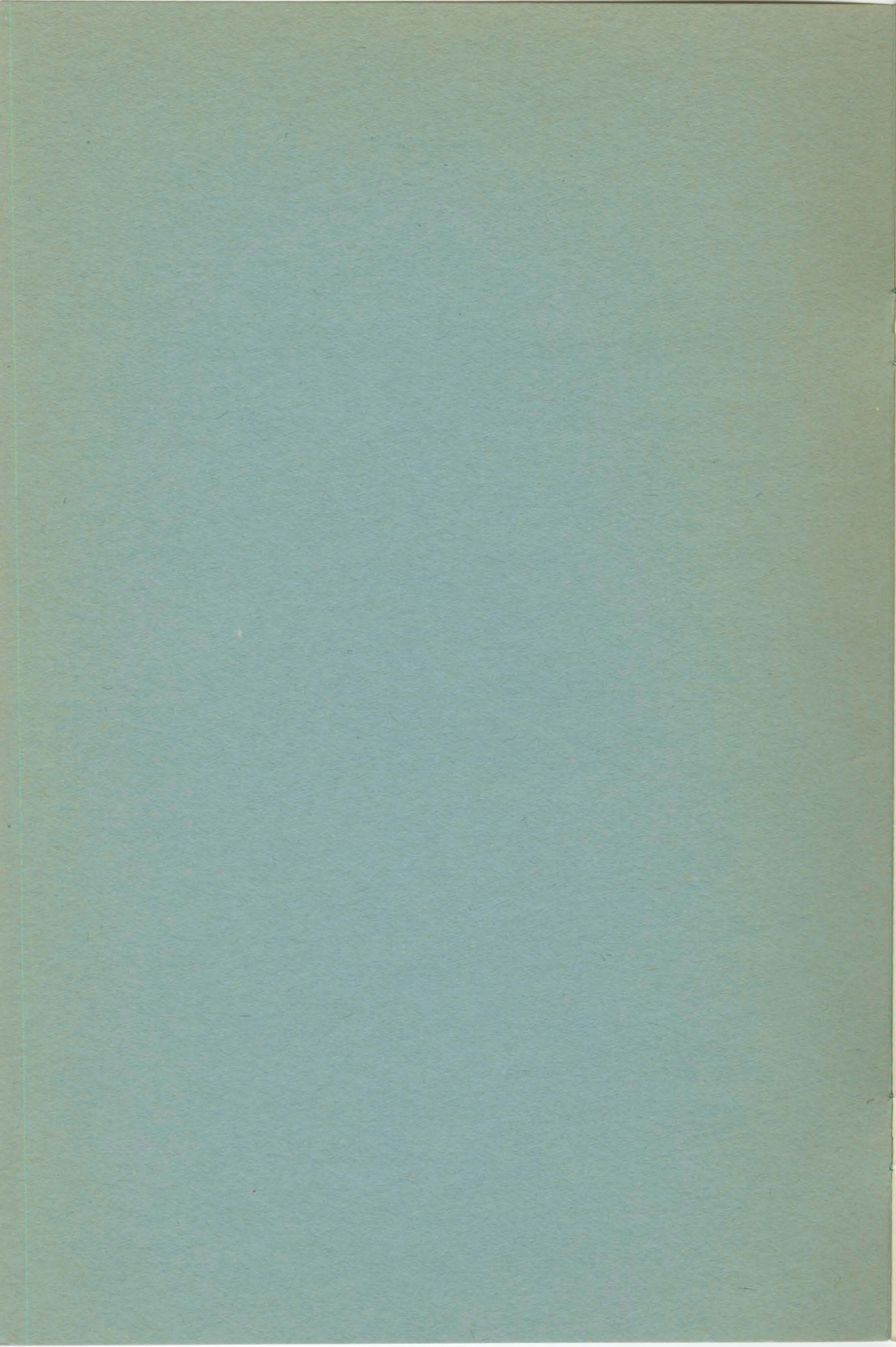
7-R 31³.1:950

DOCUMENT NO. 92

REPORT OF RETIREMENT COMMISSION



1950
HARTFORD, CONNECTICUT



REPORT OF RETIREMENT COMMISSION
UNDER
STATE EMPLOYEES' RETIREMENT ACT

Chapter 15 of the General Statutes, Revision of 1949 as Amended,
as of June 30, 1950

Hartford, Connecticut
September 1, 1950

To His Excellency,
Chester Bowles, Governor

Sir:

Pursuant to Section 381 of the General Statutes, Revision of 1949 as amended, we hereby report as follows:

The law under which we operate was passed by the 1939 General Assembly to become effective September 1, 1939. Employees retired before that date continue to receive the retirement salaries previously granted to them.

Table 1 shows how the aggregate monthly rate of retirement salaries granted under the old law has decreased, owing principally to deaths among retired employees, and how the aggregate monthly rate of retirement salaries granted under the new law has increased, as employees have taken advantage of the privileges granted them under the new law.

A sum equalling two per cent for each additional full year of service over twenty-five years, instead of ten per cent for each additional 5 years of service computed upon the average salary for the five years next preceding his retirement, was granted by the 1947 General Assembly to former employees under the old law and those employees under the new law retired before June 4, 1945.

TABLE 1
AGGREGATE MONTHLY AMOUNT OF RETIREMENT
SALARIES PAID DURING CERTAIN MONTHS

	<i>Under Old Law</i>	<i>Under New Law</i>
August 1939	\$8,287.38	None
June, 1940	8,003.48	\$ 6,836.80
June, 1941	7,428.32	13,440.90
June, 1942	6,912.57	20,747.68
June, 1943	6,126.77	32,355.24
June, 1944	5,253.14	39,514.39
June, 1945	5,145.14	44,958.09
June, 1946	5,017.86	62,305.02
June, 1947	4,284.06	75,281.74
June, 1948	5,164.56	84,113.77
June, 1949	4,948.12	93,136.42
June, 1950	4,940.41	103,191.64

Retirement salaries granted under the old law are paid from the General Fund. One-half of the retirement salaries granted under the new law are paid from the General Fund (or the Highway Fund in the case of retired employees of the Highway Department). The other half of retirement salaries granted under the new law is charged against the fund in which employees' contributions are accumulated. This is done on an aggregate basis so that the charge of one-half of an employee's retirement salary against the Employees' Contribution Fund continues after the contributions of the individual retired employee himself have been returned to him.

The condition of the employees' Contribution Fund is as follows:

STATEMENT OF CONDITION OF RETIREMENT FUND

July 1, 1950

Receipts:

Employees' Contributions		\$ 9,673,536.36	
Contributions Paid for Veterans		100,621.06	
Contributions Paid for Employees on Compensation		1,753.07	
Interest on Reinstatements		13,447.70	
Stock Dividends	\$ 60,366.80		
Less Reserve for			
Capitol Loss on Stocks	11,120.70	49,246.10	
Interest on Bonds	473,721.17		
Less Reserve for Bond			
Amortization	6,538.98	467,182.19	
Profit on Securities			
Sold or Redeemed		15,425.12	\$10,321,211.60

Withdrawals:

Retirements—Total	6,508,427.94		
Deduct ½ charged			
General Fund	2,525,669.85		
Highway Fund	728,544.15	3,254,213.94	
Refunds at Death or Termination of Employment		1,584,151.97	4,838,365.91
Balance on Hand June 30, 1950			<u>\$5,482,845.69</u>

Assets:

Cash on Hand June 30, 1950			107,580.80
Bonds—Par Value \$4,969,000		4,999,668.96	
Reserve for Bond Amortization		6,538.98	4,993,129.98
Bank Stocks		393,255.61	
Reserve for Capital Loss on Stocks		11,120.70	382,134.91
Total Assets June 30, 1950			<u>\$5,482,845.69</u>

Employees' Equities:

Total Employees' Contributions		\$9,673,536.36	
Refunds at death or termination of Employment	\$1,584,151.97		
Contributions of employees now retired	464,350.58	2,048,502.55	
Total Equities of Unretired Employees			\$7,625,033.81
Assets of Fund			5,482,845.69
Excess of such Equities over Assets			<u>\$2,142,188.12</u>

An employee may be retired and granted a retirement salary at any time after he has both completed twenty-five years of service and reached age fifty-five for men or age fifty for women. State policemen may retire after twenty-five years of service as a state policeman regardless of age. Under those circumstances, retirement will take place at the request of the employee or of the head of the department, commission, or institution for which he is serving.

Retirement is mandatory when employees reach age seventy for men or age sixty-five for women. If the employee has at least five years of credited service, a retirement salary is allowed. If an employee has had less than five years of service, his contributions to the retirement fund are refunded and no retirement salary is allowed.

Some retired employees have been temporarily re-employed. Section 34a of the 1949 Supplement to the General Statutes permits this until June 30, 1951, in cases in which the State has been unable to find a suitable replacement for the employee. During re-employment, retirement salary payments are suspended and the employee makes no contribution to the retirement fund. Those employees have been informed of their retirement and of the amount of their retirement salary, which will not increase by reason of service during the period of re-employment.

An employee may be retired and granted a retirement allowance if after completing at least fifteen years of credited service he becomes permanently disabled from continuing to render the service in which he has been employed. If the disability is due to an injury received while in the performance of his duty, this fifteen-year service requirement is waived.

The amount of retirement salary is, in general, based upon a percentage of the employees' yearly gross compensation averaged over the five years preceding retirement. The percentage allowed is:

2½% per year of credited service, if less than twenty years.

50% if credited service is twenty years to twenty-five years.

2% per year of credited service, if more than twenty-five years.

In the case of disability retirements, the percentage is 50% if the credited service is fifteen to twenty-five years. In the case of retirement for disability caused by an injury received in the performance of the employee's duties, the percentage is 50% for any number of credited years of service up to twenty-five, and the percentage is applied to the current rate of gross compensation instead of the five-year average.

During the biennium, July 1, 1948 to June 30, 1950, the Retirement Commission has approved the retirement of 308 employees. During this period, 96 retired employees have died. The number of retired employees on the roll has increased from 930 on June 30, 1948 to 1,127 on June 30, 1950. The retirement salaries in force as of June 30, 1950 are summarized in Table 2.

TABLE 2

RETIREMENT SALARIES IN FORCE JUNE 30, 1950

Qualifications For Retirement			Retirement Salaries		
Years of Service	Age	Number of Employees	Range		Average
<i>Male</i>					
5 to 9	70 or Over	70	\$ 59.	to \$ 972.	\$ 326.
10 to 14	70 or Over	54	103.	to 1,289.	527.
15 to 19	70 or Over	63	338.	to 3,519.	1,003.
20 to 24	70 or Over	110	414.	to 5,279.	1,342.
25	55 or Over				
26 to 30	55 or Over	99	466.	to 6,104.	1,698.
31 to 35	55 or Over	62	323.	to 6,310.	2,070.
36 to 40	57 or Over	19	720.	to 6,190.	3,028.
41 to 45	59 or Over	10	931.	to 7,246.	2,475.
46 to 50	63 or Over	2	3,680.	to 4,245.	3,962.
Disability	39 to 76	209	282.	to 5,030.	1,109.
Total For Males		698	\$ 59.	to \$7,246.	\$1,276.
<i>Female</i>					
5 to 9	65 or Over	60	\$ 52.	to \$1,000.	\$ 278.
10 to 14	65 or Over	50	214.	to 1,740.	480.
15 to 19	65 or Over	40	307.	to 1,582.	711.
20 to 24	65 or Over	59	548.	to 3,050.	1,080.
25	50 or Over				
26 to 30	50 or Over	58	430.	to 5,382.	1,372.
31 to 35	50 or Over	43	521.	to 2,278.	1,284.
36 to 40	54 or Over	14	741.	to 2,828.	1,761.
41 to 45	61 or Over	5	1,806.	to 2,620.	2,096.
46 to 50	69 or Over	1	730.		730.
Disability	38 to 74	99	427.	to 4,142.	898.
Total For Females		429	\$ 52.	to \$5,382.	\$ 915.
Total For Males And Females		1,127	\$ 52.	to \$7,246.	\$1,138.

THE CONNECTICUT MUNICIPAL EMPLOYEES'
RETIREMENT FUND

The Connecticut Municipal Employees' Retirement Fund was created by an Act of the 1945 General Assembly. The operation of the plan became effective on July 1, 1946.

Any town, city, borough, county, school district, fire district or taxing district may accept the plan for any or all departments, including elective officials if specified. All regular paid employees of the departments included, and all paid elective officials if so specified, must become members in the plan except those who are ineligible. No employee of an included department has the option of remaining outside the plan. The ineligible employees are (1) non-elective employees who will not have had 15 years of continuous service prior to the compulsory retirement age; (2) teachers who are or have been eligible for membership in the State Teachers' Retirement Fund, and (3) employees eligible for membership in any pension plan created by a special Act.

In a municipality other than a county, participation must be approved by the majority of the electors who vote on the ordinance or resolution by which the plan is accepted. In the case of a county, the governing board, comprising its state representatives and senators, has the authority to accept the plan.

The participating of a municipality begins on the first day of July at least 90 days after official notice of its acceptance has been filed with the Retirement Commission.

The municipalities which have elected to participate in the plan as of July 1, 1950, and the year in which their participating began or will begin, are as follows:

<u>MUNICIPALITY</u>	<u>DATE ENTERED</u>
Town of Darien	1946
Town of New Canaan	1946
County of Hartford	1946
South Manchester Fire District	1947
Town of Wethersfield	1947
Town of Winchester	1947
City of Bridgeport	1947
Town of Glastonbury	1948
Town of Newington	1948
Town of Wallingford	1948
City of New Britain	1949
City of Norwalk, 2nd Taxing District	1949
Rocky Hill Police Department	1949
South Norwalk Electric Works	1949
Town of Windsor	1949
County of New Haven	1950
Town of Stonington	1950

The financing of the plan differs from that of the State Employees' Retirement Fund. In the State Fund, the State appropriates in each biennium half of the estimated amount of retirement salary payments for the period, the other half being taken out of employee contributions for the period. The employee contributions are an amount estimated to cover half of current pension payments, subject to a maximum of five per cent of salaries. The present rate of contribution is four per cent of salary.

In the Municipal Fund, however, the municipality contributes an amount, which with the employees' contribution of 5% of salary, will suffice to pay not merely current retirement salaries but all future retirement salaries earned by reason of service since the municipality's entrance into the plan and up to and including the present year. It also makes an annual payment over a period not exceeding thirty years which will provide for retirement salaries earned by reason of service prior to the municipality's entrance into the plan. Under normal conditions the municipality's contribution, as a percentage of payroll, may be expected to remain approximately level for thirty years and then to decrease to a

new level. In the State Fund, however, the State's contribution will be an increasing percentage of payroll for many years and will eventually be many times the present amount.

If a municipality should withdraw from the Municipal Plan as it is permitted to do, salaries of retired employees are provided for by the contributions already paid in and cannot be revoked. If the State Plan should be terminated, however, further appropriations would be necessary to continue the retirement salaries of retired employees. In fact, further appropriations would be necessary in order to refund to active and retired employees the excess of their contributions over that part of retirement salaries paid from their contributions, even if no further retirement salaries were to be paid.

In short, the Municipal Fund is what is called a reserve plan while the State Fund is sometimes referred to as a "pay-as-you-go" plan.

The administration of the Municipal Plan is financed by the municipalities except for a small amount of expense at the inception of the plan, which was financed by the State.

Contribution by the municipalities on account of service rendered after the effective date of participation is a percentage of salaries which is uniform for the entire system and at the present time is seven per cent, this being in addition to the five per cent contribution by employees. Contributions by the municipality on account of service prior to the date of participation are at a rate which varies with each municipality depending on the number of employees, their salaries, ages and length of service. This part of the contribution will normally be payable for 30 years.

Any member who has had 15 years of continuous service will be eligible for retirement on attaining the age of 60 years if employed as a policeman or fireman or 65 years if employed in any other capacity. Periods of absence of not more than 90 days in any one calendar year, and certain other leaves of absence, will not be considered as breaking a continuity of service. An elective official who has attained the age of retirement can substitute for 15 years of continuous service, 25 years of non-continuous service.

Any member who has completed at least 10 years of continuous service will be eligible for a retirement allowance if he becomes permanently and totally disabled from engaging in any gainful employment in the service of the municipality. If the disability arises out of and in the course of his employment as defined in the Workman's Compensation Act he will be eligible for retirement irrespective of his term of employment.

A member, except an elective officer, can be retired at any time after he has become eligible for retirement on the recommendation of the governing body of the municipality by which he is employed. Any member, except an elective officer, who has attained the age of 65 years if employed as a policeman or fireman, or the age of 70 years if employed in any other capacity, must be retired on the day following the attainment of such age.

Retirement is not mandatory, however, until at least three years after the municipality entered the plan.

After retirement, a member will receive a retirement allowance payable monthly at an annual rate amounting to 1-2/3's per cent of his average annual pay for the 10 years preceding retirement, multiplied by the number of years of his service.

The City of Bridgeport, in the 1949 General Assembly, was granted special legislation which provides two per cent for each year of service on retirement and computes the allowance on the last five years of service, the minimum retirement allowance being \$720 annually. The additional costs for the special benefits are borne in full by the City of Bridgeport.

No retirement allowance will be less than \$360 annually and none greater than two-thirds of the member's average salary for the five years preceding his retirement.

The retirement allowance in the case of a disability arising out of and in the course of employment as defined in the Workmen's Compensation Act will not be less than fifty per cent of the member's annual pay at the time of the disability.

Up to July 1, 1950, 55 employees of participating municipalities have retired on their own application by reason of length of service, 8 employees by reason of disability and 12 employees who had reached the compulsory age for retirement. The retirement salaries in force as of June 30, 1950 are summarized in the following table.

RETIREMENT SALARIES IN FORCE JUNE 30, 1950

<i>Qualifications For Retirement</i>			<i>Retirement Salaries</i>		
<i>Years of Service</i>	<i>Age</i>	<i>Number of Employees</i>	<i>Range</i>	<i>Average</i>	
<i>Male</i>					
15 to 19	65 or Over	14	\$ 360. to \$ 855.	\$ 538.	
20 to 24	65 or Over	14	360. to 1,998.	906.	
25 to 29	65 or Over	7	618. to 1,798.	1,149.	
30 to 34	65 or Over	3	688. to 1,367.	1,064.	
35 to 39	65 or Over	3	854. to 2,239.	1,403.	
40 to 44	65 or Over	2	1,223. to 1,306.	1,265.	
45 to 49	65 or Over	1	1,832.	1,832.	
50 to 54	65 or Over	2	1,231. to 1,375.	1,303.	
Disability	53 to 71	4	360. to 1,272.	318.	
Total For Males		50	\$ 360. to \$2,239.	\$ 911.	
<i>Female</i>					
15 to 18	65 or Over	2	\$ 720. to \$ 720.	\$ 720.	
20 to 24	65 or Over	1	505.	505.	
25 to 29	65 or Over	4	488. to 1,013.	743.	
30 to 34	65 or Over	3	859. to 1,229.	984.	
40 to 44	65 or Over	1	1,324.	1,324.	
Disability	54 to 59	2	696. to 1,013.	855.	
Total For Females		13	\$ 488. to \$1,229.	\$ 838.	
Total For Males And Females		63	\$ 360. to \$2,239.	\$ 896.	

The condition of the Retirement Fund is as follows:

STATEMENT OF CONDITION OF MUNICIPAL
EMPLOYEES' RETIREMENT FUND — JULY 1, 1950

Receipts:

Normal Contribution of Members		\$ 504,025.65
Contributions by Municipality:		
Current Service and Disability	\$732,813.09	
Prior Service of Members	584,555.00	
Administrative Expenses	26,007.00	1,343,375.09
Interest on deferred payments		281.36
Interest on bonds	54,583.34	
Reserve for Bond Amortization	846.68	53,736.66
Bank Stock Dividends	8,295.00	
Reserve for Capital Loss on Stocks	980.00	7,315.00
		1,908,733.76
Less Accrued Interest		10,582.41
		<u>1,898,151.35</u>

Disbursements:

Administrative Expenses	17,896.14	
Retirements paid	85,691.41	
Refunds	36,556.63	140,144.18
Balance on Hand June 30, 1950		<u>\$1,758,007.17</u>

RESOURCES OF FUND

Available Cash on Hand June 30, 1950		\$ 11,724.00
<i>Investment Account:</i>		
Bank Stocks	85,190.65	
Reserve for Capital Loss on Stocks	980.00	84,210.65
Bonds—Par Value \$1,641,500.	1,662,919.20	
Reserve for Bond Amortization	846.68	1,662,072.52
Total Resources of Fund June 30, 1950		<u>\$1,758,007.17</u>

ADMINISTRATIVE EXPENSES FOR PERIOD BEGINNING
JULY 1, 1948 AND ENDING JUNE 30, 1950

Personal Services:

Supervisor	\$1,750.00	
Clerk	3,480.00	
Actuary	840.00	
Valuation Clerk	4,031.50	\$10,101.50

Equipment Purchased:

Eight Registers for Bkkg. Machine	170.10	
Three Cross Files	25.50	195.60

Supplies and Materials:

Office Supplies	309.39	
Postage	39.35	
Telephone Charges	4.90	353.64

Contractual Services:

Travel Expenses	43.24	
Service Agreement	188.80	
Punch and Verify Cards	40.81	
Repairs to Adding Machine	6.55	279.40

Total Administrative Expenses		<u>\$10,930.14</u>
-------------------------------	--	--------------------

Respectfully submitted:

Raymond F. Gates, Chairman
Raymond S. Thatcher, Secretary
Amalia M. Toro
Henry S. Beers
James E. Hoskins

