

For Your Benefit



A Newsletter of the Connecticut Municipal Employee Retirement System

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MERS CONTRIBUTION RATES SET FOR FY2013

The Retirement Commission met with the MERS actuaries with regard to member contribution levels and administrative rates for FY2013. At its December 15, 2011 meeting, the Retirement Commission voted that for fiscal year 2013 (July 1, 2012), the total contribution rate (i.e. percentage of payroll) for General Employees with Social Security be set at 11.79%; the total contribution rate for General Employees without Social Security be set at 11.73%; the total contribution rate for Police/Fire Employees with Social Security be set at 16.65%; the total contribution rate for Police/Fire Employees without Social Security be set at 15.35%. This represents an increase of approximately 0.20% - 0.33% from the FY2012 contribution rates.

The employee contribution rates remain the same. For members not covered by Social Security the rate is 5% of compensation. For members covered by Social Security: 2-1/4% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

The CMERS' administrative fee will increase to \$115 per employee/ retiree and the rate for the Police & Fire Survivor Benefits Fund will increase to \$50 per employee/retiree. Letters will go out to each CMERS employer at the end of December 2011 informing the municipality of its contribution rate (percentage of payroll) effective July 1, 2012.

Copies of the actuarial valuation reports as well as the biennial "roll forwards" (a "roll forward" from the last full valuation) and a listing of employer contribution rates from 1950 are posted on the CMERS website under "Plan Documents"

<http://www.osc.ct.gov/rbsd/cmers/plandoc/index.html#Plan>

GASB 25 Reports

YES the reports are ready!

You can find the GASB 25 on the MERS website. The MERS website is located at <http://www.osc.ct.gov/rbsd/cmers/index.html>. Once you are on the website, click on the "site map" link, then click on "Plan Documents Information." The GASB 25 reports are listed by fiscal year.

Please be advised that MERS will not distribute or mail out hard copies of the GASB 25: rather the GASB 25 will *only* be available "on line" on the MERS website.

Important Notice: Employee Separation from Service

When any employee leaves or is terminated from employment the employer **must** notify MERS at our website email address osc.muniinfocmers@po.state.ct.us as soon as possible. This is the only way MERS will know if an employee leaves MERS service. . This information can also be sent via facsimile to CMERS at 860-702-3571.

If the employer does not inform MERS of the separation from service, MERS is unable to determine if someone has left employment. This delay makes it impossible for MERS to provide the employee with the information he or she needs to make timely retirement decisions and makes the employer potentially liable for any damages the employer's inaction may have caused.

In this email, please note the person's name, date of hire, termination date, date of birth, years of CMERS service, most current home address and whether the person has completed an application for a monthly benefit or a refund

From time to time MERS gets calls about the “pension revocation” law which makes it possible for municipal employees who are members of MERS and who are convicted of certain crimes relating to his or her official duties to have their pension revoked.

This law (P.A. 08-3) permits state courts to revoke or reduce pensions of municipal officials and employees who commit certain crimes *related to their employment*. The act requires the attorney general (not MERS) to notify the prosecutor in these criminal cases and to apply to the Superior Court for an order to revoke/ reduce the benefits of a public official or employee who, after October 1, 2008, is convicted of or pleads guilty or *nolo contendere* (no contest) in federal or state court to:

1. Committing, aiding or abetting the embezzlement of public funds from the state, a municipality, or a quasi-public agency;

2. Committing or aiding or abetting any felonious theft from the state, a municipality, or a quasi-public agency;
3. Bribery connected to his or her role as a public official or employee; or
4. Felonies committed willfully and with intent to defraud to obtain or attempt to obtain an advantage for himself or herself or others through the use or attempted use of his or her office.

With regard to a procedure, it is assumed that for these very serious crimes, the municipality (at some point) will contact the state police (or similar law enforcement agency) to investigate the allegations. Once this contact is made, the agency should also contact the Attorney General’s Office (AGO).

MERS does not relay this information to the AGO: it is the responsibility of the agency or municipality. The AGO will then keep itself apprised of the investigation, the final charges against the employee (if any) and any subsequent convictions. In addition to the pension

revocation act, the MERS statutes indicate that a MERS member who has completed at least five (5) years of continuous service but is terminated from municipal employment “for cause” prior to reaching age 55 may have their MERS pension rendered void *ab initio* from the outset. The “for cause” noted in this statute is separate from having a MERS pension revoked in accordance with the provisions of P.A. 08-3.

However, this is not automatic. The Retirement Commission is the entity that determines if the “cause” was sufficient to void entitlement to a pension. At a minimum, the Retirement Commission requires that:

- (1) Such a revocation must be specifically requested by the MERS employer. Prior to making this request, the MERS employer must have notified the employee and his or her bargaining representative (if applicable) of its intent to seek pension revocation if cause was found for dismissal. Proof of this

notice must be sent to the Commission with this request.

(2) The Commission will review the request of the employer to determine whether cause exists as defined below.

(3) In reviewing such requests, the Commission will need to review:

(i) A finding, or an upholding of a finding, of dismissal “for cause” or for “good cause” by a mediator, arbitrator or other duly designated tribunal hearing the issue in contested cases; or

(ii) A finding of dismissal “for cause” or for “good cause” by a MERS employer after hearing and after all internal administrative appeals have been exhausted; or

(iii) A finding of dismissal “for cause” or for “good cause” by the MERS employer if the dismissed employee does not appeal or grieve the finding or requests a hearing on the dismissal.

Employer Duties to Terminating Employees Under MERS

Employers have a duty to advise terminating employees of their retirement opportunities and options under MERS. It is also the responsibility of the municipality to help the employee with the necessary forms, process the application and to provide MERS with service and payroll information.

The municipality is the administrator for MERS on the local level and as such has certain duties, fiduciary in nature, to the employee with regard to his or her retirement benefit. The municipality

should have a defined intake process with regard to retirement applications. The municipality should have protocols in place to ensure the integrity of the process: that is - retirement applications are received and promptly processed in a safe, secure and timely manner. MERS accepts applications by email (PDF) and facsimiles (with originals to follow).

If an employee is leaving municipal service, is under 55 years of age and has at least 5 continuous years of service (but less than 25 years total service) they have two retirement choices at the

time they leave employment: (1) they can immediately and directly transition into retirement – that is – they can receive an “early” retirement benefit at an actuarially reduced rate *or* (2) they can wait until they are at least 55 years of age and receive the “normal” benefit at that time after they have made application to MERS. If an employee has less than five (5) years of service they can request a refund of contributions.

A MERS covered employee, if qualified, receives a

retirement benefit when he *applies for* retirement – that is – when MERS receives the application. MERS will pay retroactively no more than 30 days from the date of retirement. For more information please visit our [Employers' Guide to MERS \(PDF\)](#).

If the delay in receipt of benefits is due to employer inaction then, barring exceptional circumstances, any such payment due and owing the retiree as a result of the delay will be the responsibility of the employer.

If you work in the area of human resources, benefits or payroll, chances are you will be contacted by a MERS employee undergoing a divorce, the spouse of a MERS employee contemplating divorce or an attorney representing a MERS employee or employee's spouse in a divorce seeking information about the MERS benefit.

Please refer the individual to the MERS website which has a special section on "Divorce" designed to assist members, alternate payees (i.e. former spouses), and legal representatives when retirement benefits are being considered for possible division in divorce proceedings. The information provided in this section is based on the provisions and requirements imposed upon the MERS retirement system by State statute.

However, before an alternate payee can receive a benefit, a plan approved domestic relations order ("PADRO") must be approved by the MERS. The "Divorce" section of the MERS website offers information intended to provide assistance in obtaining an approved PADRO in a timely manner, a description of the payment process, contact information, and model generic judicial orders for use under MERS.

Because of the unique provisions of the law governing MERS, MERS recommends that all the parties' attorneys review the guidelines on this website and obtain the model PADRO form. This will allow all parties to be fully aware of the plan provisions affecting pre and post retirement benefits, avoid unnecessary time and expense and ensure administrative approval of the order by MERS.

For those towns and employers who joined MERS after 2000, MERS strongly urges a review of personnel and other similar files to determine if any employee Qualified Domestic Relations Orders were filed under the town's previous retirement plan and not given to MERS when the town joined the MERS system. For example, if a department only entered MERS in 2002, MERS may not have copies of any certified domestic relation orders filed for an employee prior to that time. If the employee should decide to retire, MERS would have no knowledge of any such order.

MERS needs to be aware of any such older orders that may be in effect not only to place it into effect when the employee retires but more importantly to determine if it is enforceable. The provisions and actuarial assumptions of the MERS retirement plan are usually

much different than the retirement plan it succeeded and MERS may not be able to implement the provisions in the older qualified order as written. In these cases, MERS will notify the parties to inform them of the problems with enforceability of the order so they may determine what steps they wish to take.

Contribution Statements

The statements will be sent to the municipalities in a readily available Adobe PDF format, so special software and encryption techniques will not be necessary. The "document bundles" will be sent to the municipalities in separate "town groups" for ease of distribution.

There is a search function available in Adobe Reader that will allow you to print and reprint single copies. Additionally, the file can be printed in its entirety.

Military Service Credit

All newly hired employees must be notified of their eligibility to purchase Active Military Service within the first year of employment. The cost of this service credit is 2% of first year's salary with 5% interest from the first day of military service. No credit is allowed for this purchase unless and until all the required contributions and interest have been paid. An employee who requests such a purchase after the first year of employment must provide a letter from the employer which clearly states that the employee was never notified of this one year requirement. MERS reserves the right to decline such requests made after the one year period of time.

Form SSA-1945

If your town or agency is not covered by social security you need to submit an executed Form SSA 1945 to MERS with the employee's CO-931 for **all** new employees hired after January 1, 2005.

Copies of the SSA-1945 are available online at the Social Security website, www.socialsecurity.gov/form1945.

Electronic "Direct" Deposit

Remember that Electronic Fund Transfer (EFT) Direct Deposit is the fastest and easiest way for retirees to receive their retirement checks. Their check will be deposited on the last business day of the month. A direct deposit form can be handed out with the retirement application so that the retiree can receive their very first check into their account.

Please encourage your retiring employees to sign up for direct deposit. If a check is lost or stolen it takes at least 10 business days to issue a replacement check and MERS may charge a fee for a replacement check in the amount of the bank charges incurred by MERS. In the event MERS has already issued a replacement check to the recipient in the previous twelve months, an administrative fee of \$25.00 will be charged in addition to the amount of the bank charges.

With Direct Deposit a retiring employee will eliminate the delays caused by postal delivery and also protect against checks that can be lost through undelivered or stolen mail.