

For Your Benefit



A Newsletter of the Connecticut Municipal Employee Retirement System

Spring – Summer 2010

Volume 2, Issue 2

Office of the State Comptroller

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NEW! MERS On-Line Benefit Estimators!

The Connecticut Municipal Employee Retirement System (CMERS) is very pleased to announce that it has developed a multi-dimensional approach to provide CMERS employees contemplating retirement useful information regarding their retirement decision. Employers are asked to let their employees know about the following tools now available to them to help them plan for retirement.

This information is located on the “site map” of the Connecticut Municipal Employees Retirement System located on the website of the Office of the State Comptroller

A. WORKSHOP ON THE WEB (WOW)

This is an informative “self-help” retirement counseling workshop located on the Office of the State Comptroller website. The goal is to provide the employee with a general explanation of the most important CMERS retirement issues and considerations: the workshop is not meant to cover every retirement provision or detail. Links will be provided to relevant forms and outside entities as necessary.

[Retirement Counseling Workshop on the Web](#)

B. ON LINE BENEFIT ESTIMATORS

Yes – an employee can now estimate his or her retirement benefit *on line*.

The employee will be responsible for entering the relevant data (age, length of service, salary, etc.) and the calculator will produce an estimated benefit by option factor – that is how much the benefit would be if a straight life payment option was chosen, what it would be if a 50% survivor payment option was chosen and so forth. The accuracy of the estimate will depend on how closely the information provided by the employee matches the information used to calculate his or her benefit at the time he or she retires. To protect the employee's confidentiality, the program does **not** link to the employee's actual retirement account, payroll records or salary information. It does not require the employee to give his or her real name, address, or other confidential information.

It is important to note that the benefit estimate produced by this estimator is not binding on the MERS unit, the State of CT or the Retirement Services Division. This is only a planning tool – the actual benefit the employee may be entitled to receive can only be known and officially calculated when he or she retires or terminates employment. There is a separate benefit estimator for Part A and Part B employees.

MERS Part A (no social security coverage) [Benefit Estimator](#)

MERS Part B (social security coverage) [Benefit Estimator](#)

CMERS is aware of the municipalities' concerns regarding the timing of the announcement of the contribution rate each year. Currently the contribution rate is sent to MERS agencies and towns at the beginning of March which most municipalities believe is too late for meaningful consideration during their budget process.

The establishment of a contribution rate is not an isolated event but rather the end of a long, cumulative process involving both active and retiree data. The towns send payroll and membership data to CMERS; CMERS must examine it for inaccuracies and then correct the errors, balance and roll the information forward; CMERS then provides its CMERS actuary with this information. Once the actuary has the information it compiles results and drafts a

valuation which it then advances to the Actuarial Subcommittee of the Retirement Commission.

The main obstacle to advancing the valuation (or contribution) results is the timing of the receipt of membership and payroll data: the earlier that this required information is sent to the CMERS actuary, the earlier the Actuarial Subcommittee can meet to discuss the results and the earlier the Retirement Commission can set the contribution rate.

In short, the only way CMERS can have valuation results earlier than this is to receive the membership and payroll data earlier. Although the statute gives municipalities until August 15, 2010 to submit its "June" payroll information to CMERS, realistically even this date is "late" if a December contribution rate is desired. The receipt of a town's contribution rate prior to January 1st will be completely dependent upon

all of the CMERS municipalities submitting accurate and complete data before **August 1st**. It is important to note that one late member will delay the entire process. It is also important to note that errors and inaccuracies will delay the process as CMERS staff will have to contact and work with the members to make the necessary corrections.

If all CMERS members submit its required information to CMERS by **August 1st**, barring any unforeseen complications such as staff losses due to retirement incentive programs or illness, it is possible that a valuation can be completed and before the Retirement Commission at its December meeting.

Workers Compensation Carrier Information Needed

C.G.S. § 7-436 requires employees who receive a service connected disability benefit to have that benefit "offset" by any workers compensation payments they receive except for specific indemnity payments.

CMERS is currently working to develop a process to directly obtain (or "download" if possible) the information it needs for these offsets from the applicable workers compensation administrators and carriers. CMERS therefore requests that each employer send it the name, address and contact information for its workers compensation administrator or carrier so it can establish the necessary protocols with the carrier.

This information can be sent to the email address contained in this newsletter.

Important Notifications Regarding Employee Applications for A Service Connected Disability Benefit

Please help us make your employees aware of the following when they apply to receive a service connected disability (SCD) benefit under the Connecticut Municipal Employee Retirement System (CMERS).

The Taxability of an SCD Benefit. All or part of the income an employee receives under a service connected disability may be excludible from the employee's income under Section 1.104-1(b) of the Income Tax Regulations if the monthly benefit s/he is awarded is the minimum guaranteed benefit that is based on 50% of the salary at the time s/he

became disabled and not determined based upon age, length of service, or prior contributions. The employee must consult with his or her tax advisor, accountant or the IRS with regard to determine the taxability of this income under his or her specific circumstances and benefit calculations. CMERS cannot express an opinion or proffer any advice as to the federal tax consequences with regard to a service connected disability retirement award.

Workers Compensation Offset. A SCD retirement benefit is "offset" by workers compensation payments. If the employee is currently receiving (at the time of

application) or has applied to receive workers compensation benefits, the employee or the employer must notify CMERS *immediately* as these payments will affect the employee's SCD benefit even on a retroactive basis. Failure to immediately report these benefits will result in an overpayment of the retirement allowance which CMERS will collect from the employee's retirement benefit.

Social Security Disability Benefits. For "Part B" employees, if the employee is currently receiving or has applied to receive social security disability benefits, s/he must notify CMERS

immediately as these payments will affect the CMERS retirement benefit. The employee must notify CMERS immediately upon receipt of a Social Security Disability Award if s/he receives the Award prior to the age of 62 or *after* age 62 if any part of the retroactive payment made under the Award covers the employee prior to the age of 62. Failure to report these benefits will result in an overpayment which will be collected from the retirement benefit.

Employees who apply for a service connected disability benefit should call CMERS at 860-702-3500 if they have any questions.

MERS EMPLOYMENT AND THE DISABILITY RETIREMENT BENEFIT

MERS continually receives questions on an employee's eligibility to work for their former municipality in any position (part time, full time, MERS covered, non-MERS position, elected position, appointed position, same department, different department, consulting, etc.) while collecting a MERS disability retirement benefit. Some MERS employees and employers previously believed that as long as the individual did not work in the same position that the individual could work for the Town and collect a disability retirement pension at the same time. This is not correct.

The answer is simple: the employee **cannot** accept or work at *any* position within the employer and continue to collect a MERS disability retirement benefit. MERS welcomes this opportunity to correct any misunderstanding of this MERS provision going forward.

The statute at issue is Section 7-432 which reads in relevant part:

Sec. 7-432. Retirement for disability.

Any member shall be eligible for retirement and for a retirement allowance who has completed at least ten years of continuous service if he becomes permanently and totally disabled from engaging in *any gainful employment in the service of the municipality*. ... [s]uch retirement allowance shall continue during the period of such disability.

Section 7-432 uses the phrase "municipality" (which refers to *any* municipality) rather than "participating municipality" (which refers to the MERS-specific member). The statute also uses the word "any" in front of gainful employment. It is also

clear that the statute does not define the term "disability" as that which simply renders a member incapable of performing his duties in whatever the position held at the time of the disability but rather the employee must be incapable of *any gainful employment*. MERS has interpreted "gainful employment" as the kind of work usually done for pay or profit, whether or not a profit is realized.

The following examples are provided to clarify MERS position. Assume you are a fire fighter and are disabled from being a fire fighter due to injuries you suffered in a car accident but you can and do return to work as the municipal building inspector. You cannot receive a MERS disability retirement benefit at the same time. Assume you are disabled from your position as a Police Chief but as a resident of the town, decide to run for, and elected to, the paid position of Mayor. You cannot receive a MERS disability retirement benefit at the same time. Assume you are disabled from your position as Finance Director but accept a one year consulting contract with the town to set up a financial database. You cannot receive a MERS disability retirement benefit at the same time. Assume you are disabled from your position as a snowplow operator but accepted work as an intermittent, part time, seasonal grounds keeper. You may be able to receive a MERS disability retirement benefit but are cautioned to contact MERS before accepting the position.

The fact that these positions may not be covered by the MERS retirement system is not relevant as they would be considered gainful employment "in the service of" the agency or municipality. A disability retirement allowance continues only during the period of disability and to be considered disabled, the individual must be permanently and totally disabled from engaging in **any** gainful employment in the service of the municipality.

CMERS WORKING TO AUTOMATE MONTHLY CONTRIBUTIONS DATA

CMERS recently received a request from one of its member towns to incorporate File Transfer Protocol (FTP) for its monthly contributions data feed to the CMERS unit. The FTP method will provide a secure and efficient link directly to the CMERS FTP server and allows for 128bit file encryption. The new process has been successfully tested and implemented with the town's IT department at its request.

CMERS will be applying this process to the twelve CMERS employers who currently supply their contributions data in electronic format. CMERS will initially examine the largest towns to determine their IT capabilities (which may necessitate a possible site visit) and then test implementation.

After successful implementation of this process for these twelve CMERS employers, CMERS will evaluate remaining CMERS members to determine if they should utilize this process. The initial effort will realize a significant long term benefit by replacing outdated and cumbersome paper processing with a new streamline electronic facility that will be faster, more efficient, secure and less taxing on staff resources.

Puerto Rican Birth Certificates

As you may be aware the Puerto Rican government, concerned about false birth certificates, has "voided" all current Puerto Rican birth certificates and required all its residents to obtain new ones. This issue has also given us the opportunity to look at documents that we do (and should) accept with regard to dates of birth and identification solely with regard to pension verification and computation. Please be advised that effective immediately Puerto Rican birth certificates will **not** be accepted unless they are issued on or after July 1st 2010. Please contact the MERS unit at 860-702-3500 for the list of documents that MERS will accept from all MERS members and contingent annuitants with regard to retirement applications.

Please Share this Newsletter

Although this newsletter is designed for human resource specialists, benefit officers, union representatives and personnel directors, it can also be an effective means of communication to employees about MERS' policies, procedures, and practices. If you have the means to do so, please forward or otherwise share this newsletter with your MERS employees and retirees. Feel free to post the newsletter on an "electronic" employee bulletin board or publish the "link" and website location of the MERS newsletter in any mailing that may be sent to retirees.