

Update from the Office of the State Comptroller

CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (CMERS)



Agenda

1. Actuarial valuation
2. Timeline of what's coming
3. Working group
4. Re-employment

CMERS Actuarial Valuation

- Annual actuarial [valuation](#) of the plan as of June 30, 2022
 - Funded ratio: 74.2%
 - Unfunded liability: \$1.1 billion
- There have been multiple changes to the plan over the last decade that are reflected in the report:
 - Includes 2018 change in investment return assumption from 8% to 7%
 - Includes 2019 increase in employee contribution rate by 0.5% of compensation for 6 years
 - Includes 2022 25-year layered amortization approach similar to SERS and TRS
- Rates starting July 1, 2023:

Employer Contribution Rates Starting July 1, 2023	
General Employees with Social Security	19.57%
General Employees without Social Security	25.36%
Police & Fire with Social Security	25.69%
Police and Fire without Social Security	29.92%

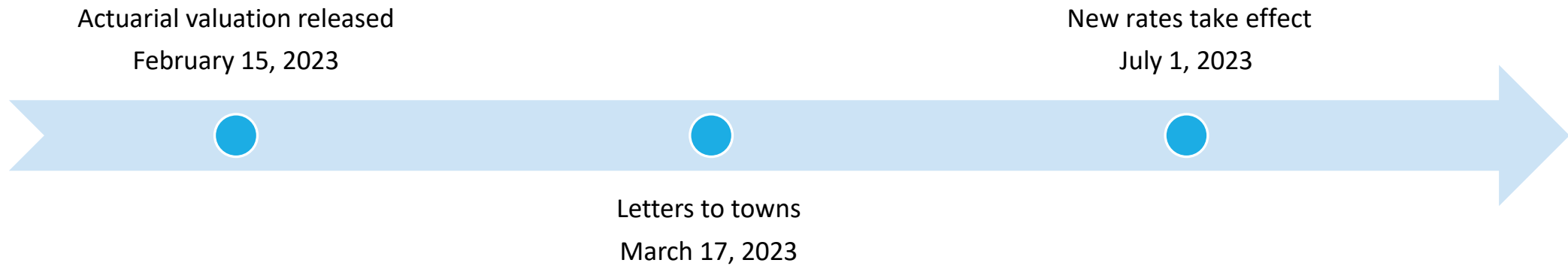
Employee Contribution Rates Starting July 1, 2023	
General Employees with Social Security	4.75%
General Employees without Social Security	7.5%
Police & Fire with Social Security	4.75%
Police and Fire without Social Security	7.5%

CMERS Actuarial Valuation

Why are rates increasing?

- Investment return assumption in 2022 was 7% while the actual return was -8.92%
 - When investment return assumptions are not met, the employer and employee contributions must pick up the difference
- Retirement surge in 2022
 - There were more retirements in 2022 than expected which means less members paying into the system and more members collecting benefits
- Cost of Living Adjustments (COLA)
 - In 2002, the legislature expanded COLAs from 65+ to anyone, and de-coupled COLAs from investment performance
 - Under CMERS, COLAs are tied to the Consumer Price Index (CPI) which hit 40-year highs in 2022

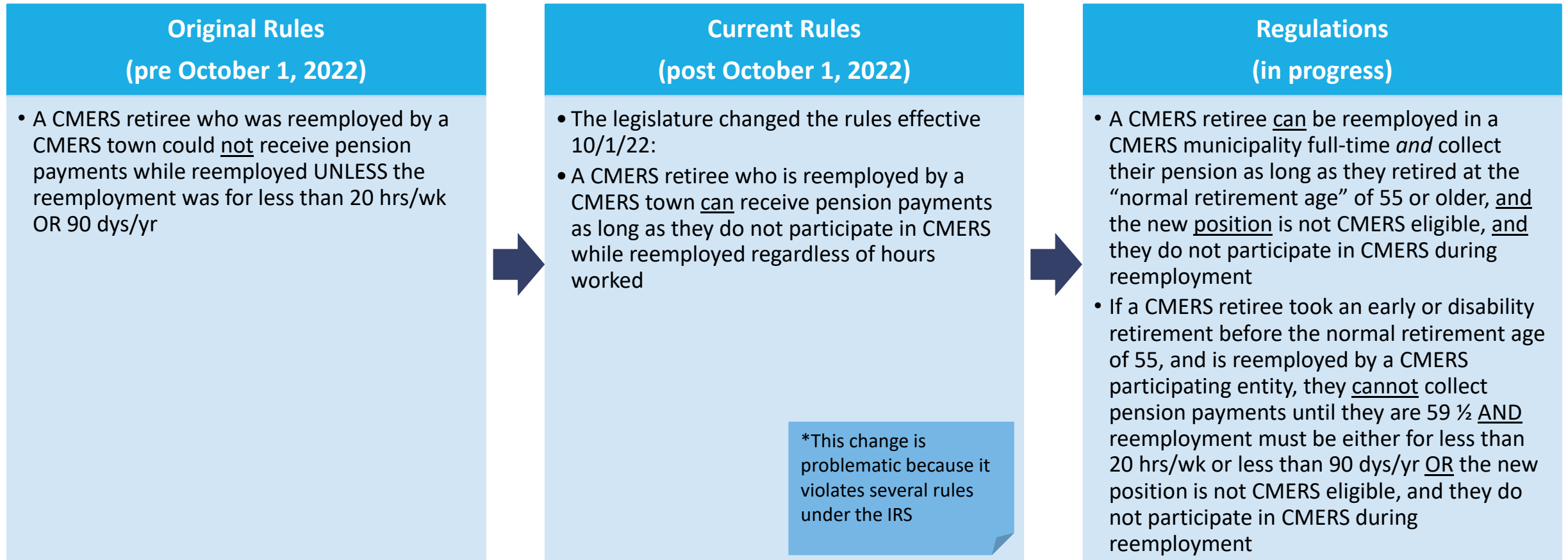
Timeline



CMERS Working Group

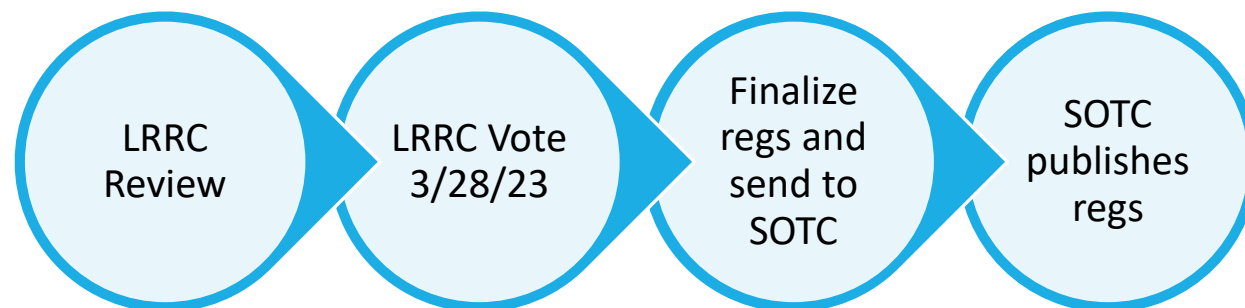
- OSC understands the challenges facing municipalities
- The Comptroller has formed a working group comprised of municipal leaders suggested by COST and CCM and labor leaders to collaboratively discuss problems and potential solutions

CMERS Re-Employment Update



CMERS Re-Employment Update

- The regulations currently sit with the Legislative Regulation Review Committee (LRRC) and are scheduled to be voted on March 28, 2023
- Once they are approved, OSC has 14 days to send them to the Secretary of the State who publishes the regulations
- OSC is interested in working to align the statute with the new regulations for clarity



Questions

