

GENERAL GOVERNMENT DIVISIONS
PENSIONS/BENEFITS
PROGRAM HIGHLIGHTS

Michael Feeney
Manager

REVENUE SUMMARY

Not Applicable

APPROPRIATION SUMMARY

ORG	OBJECT DESC	FY2009	FY2010	FY2011	FY2011	VARIANCE TO
		ACTUAL	BUDGET	MAYOR PROPOSED	COUNCIL ADOPTED	FY2010 BUDGET
'01086000 PENSIONS		14,728,265	91,388	91,388	91,388	0
	52502 MERF PENSION EMPLOYER CONT	2,246,889	0	0	0	0
	52508 POLICE RELIEF PENSION FUND	3,377,091	0	0	0	0
	52510 FIRE PENSION FUND	2,509,083	0	0	0	0
	52512 NORMAL COST- PENSION PLAN	5,154,334	0	0	0	0
	52514 NORMAL COST- PENSION PLAN	1,365,572	0	0	0	0
	'52515 LIUNA PENSION	49,038	50,000	50,000	50,000	0
	'52519 ICMA PENSION EMPLOYER CONTRIBU	6,759	7,288	7,288	7,288	0
	'56090 ACTUARIAL SERVICES	19,500	34,100	34,100	34,100	0
'01088000 OTHER FRINGE BENEFITS		4,241,805	2,926,235	1,858,476	1,858,476	-1,067,759
	'51108 REGULAR 1.5 OVERTIME PAY	0	0	0	0	0
	'51140 LONGEVITY PAY	480,172	550,000	0	0	-550,000
	'51152 SEVERANCE PAY	0	20,000	20,000	20,000	0
	'51154 UNUSED SICK TIME PAYOUT	555,349	350,000	275,000	275,000	-75,000
	'51156 UNUSED VACATION TIME PAYOUT	331,755	300,000	300,000	300,000	0
	'51314 UNUSED VACATION PAY RETIREMENT	378,022	300,000	225,000	225,000	-75,000
	'51318 PERSONAL DAY PAYOUT RETIREMENT	49,891	30,000	30,000	30,000	0
	'51324 LONGEVITY RETIREMENT	26,753	40,000	0	0	-40,000
	'51342 LONGEVITY PAY RETIREMENT	0	2,500	0	0	-2,500
	'52204 LT DISABILITY UNAFFILIATED	0	12,000	12,000	12,000	0
	'52360 MEDICARE	1,056,499	83,235	0	0	-83,235
	'52385 SOCIAL SECURITY	125,422	225,000	0	0	-225,000
	'52397 UNEMPLOYMENT	942,212	670,000	670,000	670,000	0
	'52504 MERF PENSION EMPLOYER CONT	274,126	295,000	283,976	283,976	-11,024
	'52602 TUITION: SUPERVISORS	600	10,000	10,000	10,000	0
	'52604 TUITION: LIUNA	10,087	12,500	12,500	12,500	0
	'52606 TUITION: NURSES	543	6,000	0	0	-6,000
	'52608 TUITION: OTHER UNIONS	1,350	10,000	10,000	10,000	0
	'52610 TUITION: AFSCME	9,025	10,000	10,000	10,000	0

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All full-time employees of the City, except for Board of Education personnel, police, firefighters, janitors and engineers participate in the Connecticut Municipal Employees' Retirement Fund B (CMERF), a cost-sharing multiple employer public employee retirement system administered by the State of Connecticut. All benefits vest after 5 years of continuous service. Members who retire after age 55 with 15 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to: 2% of the average of earnings for the three highest paid years of service (if not covered by social security) or (if covered by social security) 1-1/6% of the average earnings not in excess of the taxable wage base for the 10 highest paid years, plus 2% of the average earnings for the three highest paid years of service which is in excess of the average of earnings not in excess of the taxable wage base for the 10 highest paid years. CMERF also provides death and disability benefits.

Benefits and other plan provisions are established by State statute. Covered employees are required by Connecticut statute to contribute 2-1/4% of earnings upon which social security tax is paid plus 5% of earnings upon which no social security tax is paid. The City is required to make contributions as set by the State Retirement Commission to fund the remaining cost. The employer contribution represents 7.00% of covered payroll. The City's contributions for the years ending June 30, 2007, 2006 and 2005 were \$5,312,000, \$4,749,000 and \$3,367,000, respectively, equal to the required contributions for each year. The financial statements of the plan are available from the State Treasurer for the CMERF Fund, 55 Elm Street, Hartford, CT 06106.

The City maintains and administers four single employer defined benefit pension plans which cover substantially all of the employees of the City with the exception of those covered under CMERF and the State Teachers' Retirement System. The costs of administering the plans are paid by each individual plan. Stand alone plans are not available for these plans. The four City plans are as follows: 1) Public Safety A Investment and Pension Trust (Plan A) 2) Police Retirement Plan B 3) Firefighters' Retirement Plan B 3) Janitors' and Engineers' Retirement Plan. The Police Retirement Plan B and the Firefighters' Retirement Plan B are funded on an actuarial basis; the Janitors' and Engineers' Retirement Plan is funded on a "pay as you go" basis, that is, the City's contribution to the plan is the amount necessary to pay annual benefits. The City makes contributions to Plan A equal to the actuarially determined Normal Cost amounts. The net pension obligation and the contribution requirements are actuarially determined. Plan A is a closed plan and as such no new enrollments have been allowed since January 1, 1984.

In August 1985, the City purchased an annuity contract for approximately \$75 million to fund a portion of the net pension obligation for Plan A. The plan assets available for benefits and the net pension obligation amounts for Plan A exclude the plan assets and pension obligations covered by the above mentioned annuity contract. For the year ended June 30, 2008, approximately \$2,902,000 of benefits were provided through this annuity contract.

In August 2000, the City issued \$350,000,000 of taxable general obligation pension funding bonds. The proceeds of these bonds were transferred into Plan A's Investment Trust (the "A Trust"). The proceeds and any future investment earnings are to be used to make contributions to the Plan A or to pay benefits on behalf of the Plan. The City can, however, withdraw from the Plan A Trust the greater of: 1) 20% of the amount by which the A Trust assets exceed the present value of accrued Plan benefits (\$360,619,000 based on the July 1, 2006 actuarial valuation) or 2) the amount of the Plan A Trust assets in excess of 110% of the present value of accrued Plan benefits.