Retired Teachers of Connecticut

Pension, Taxes, Health Insurance,

Teachers Retirement Board

Pension Facts

- Teacher retirement benefits are dependent on legislative decisions and promises. Retired Teachers do not have a union. They do not negotiate a contract with the State.
- Connecticut's Teachers' Retirement System (TRS) is a defined benefit plan administered by the Teachers' Retirement Board.
- CT teachers do not contribute to Social Security. If they contribute through employment outside of public education, their social security income benefits will be significantly penalized due to Federal GPO/WEP laws.
- Teachers contribute 7% of their annual income to the Teachers' Retirement Fund with the promise that these funds will be sustained in their retirement. The State did not begin pre-funding TRS until 1982. Over the years, the State did not always contribute the required actuarial amount to the Fund, and despite the contributions from the Sate's surplus the past two years, the unfunded liability is in excess of $17 billion dollars.
- The 2019 Legislature favorably acted upon the Governor's proposal to stabilize the Teacher's Retirement Fund by restructuring how the State funds the pension system.
- The investment assumption rate determining the retired teacher pension COLA is 6.9%. The Retirement Fund investment returns for 2022 were under 6.9%, thus, the majority of retirees will receive 1% or 1.5% COLA this year.

State Tax Exclusion

- Retired teachers were successful this past year in gaining a 50% CT tax exclusion on their pension income.
- An increase to a 100% tax exclusion with no income limits would not only help retired teachers but also the State. 28% of retired teachers move out of Connecticut to states where pensions are not taxed creating an economic drain. The State has a teacher shortage. Having a 100% tax exemption would be an incentive for educators to sustain their careers in CT.

Teachers Retirement Board TRB

- In addition to the Governor's appointments to the TRB, there are four active teachers and two retired teachers on the Board. This Board make-up was last mandated in 1991.
- Presently there are approximately 52,000 active and 38,000 retired teachers. Because the portion of retirees has grown over the years and continues to grow, there needs to be two additional retirees added to the TRB in order to have fair representation of retired teachers.
- To be truly "representative", only retirees should elect their retired teacher representatives and only active teachers should elect their active teacher representatives. A change in the TRB election process is a fairness issue at no cost to the state.

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Health Fund and Health Benefit Facts

- Active teachers contribute 1.25% of their annual income to the Teachers Health Insurance Fund and 1.45% for Medicare Part B.
- Retired teachers pay the bulk of their own premiums for health insurance. Retirees pay the full cost of Medicare Part B and dental coverage; they pay 1/3 share and more in premiums for medical and prescription coverage.
- The TRB's Health Insurance Consultant's Fee is paid out of the Teachers Health Insurance Fund (HIPA). There also is no limit on any other professional fees that can be charged to the fund.
- In effect since 2005, PA 03232 established that the insurance costs would be met by the State's ⅓ contribution, ⅓ coming from the Health Insurance Fund, and retirees paying the final ⅓ out of pocket. (The State has not always contributed its ⅓ share as noted in the below history.)
- Presently, due to the huge discrepancy in the cost of the two United HealthCare Plans (Advantage and Medicare Supplement) offered by the TRB, retirees are being driven to the "for profit" insurance company's Advantage Plan. The State pays 1⁄3 of the premium cost of the Advantage Plan, which costs $99, however, this same 1/3 amount of $33 is contributed toward the premium of the Medicare Supplement plan which has a cost of $329 per month. Retired teachers do not have a fair and equitable premium cost or subsidy. This financially restricts their choice of coverage.

Health Insurance Premium Account (HIPA) History

1986 – Teachers hired after 1986 were required by law to begin paying into Medicare

1989 - 1990 – Insurance costs - 75% paid by Health Fund and 25% paid by State, no cost to retiree (Cost $86)

1996 – Solvency of Health Plan in trouble (Due to increased insurance costs and more retirees)

2000 – 25% of insurance costs shifted to the retiree

2003 – Active teacher contributions to Fund increased to 1.25% from 1%

2005 – 1/3 Plan of contributions to insurance premium went into effect (1/3 State, 1/3 Health Fund, 1/3 retiree)

2010 – No contribution from State to Fund

2011 – No contribution from State to Fund

2012 – Full Contribution including Medicare reimbursements to HIPA

2012 – State moves the Retiree Drug Subsidy (RDS) from the Medicare Part D prescription drug plan reimbursements to the General Fund and redirect it as part of the State's promised contributions to the HIPA Fund at TRB.

2013 & 2014 – State's contribution reduced from 1⁄3 to 1⁄4 for one year only. Using the Medicare Drug Subsidy as part of the State's contribution, the State's contribution was approximately 1⁄8, HIPA required to contribute more than ⅓, thus retirees share or premium remained at ⅓. Balance of fund significantly lowered.

2014 – TRB creates a Teachers Retirement Board Healthcare Trust Fund to secure purpose of funds.

2015 & 2018 – State contribution considerably lower than the promised ⅓, the Health Fund making up the difference.

2018 - A Pivotal Year – Years of underfunding by the state of its' 1/3 premium share put the Health Insurance Fund in Crisis. TRB's response was to move all retired teachers to a "for profit" Advantage plan unless they opted out and re-enrolled, at a much higher cost, for the same Medicare Supplement plan.

2022 – Retired teachers who are not eligible for Medicare and purchase their insurance through their last employing Board of Education, receive a monthly subsidy from the State to help offset the high premiums. The health subsidy for those not yet 65 was increased from $110 to $220. The subsidy, for those who are not Medicare eligible over 65, was increased from $220 to $440.

2018 to Date – Retired teachers on the TRB Medicare Supplement plan live under the financial strain of inequitable premiums and a $33 a month subsidy from the State. This remains to be addressed.