Question

Answer

- Me've heard that under the Framework
 Document which may lead to changes in the SEBAC Agreement, SERS Covered Employees will eventually pay pension contribution increases of 2% over their current contributions. What happens to participants in the Hybrid Plan, and the ARP?
- Yes, SERS participants would pay an additional 1.5% pension contribution beginning 7/1/17, and an addition .5% beginning on 7/1/19. Let's start with how this affects participants in the Hybrid Plan. Under the rules of the Hybrid Plan, participants always pay 3% more than their equivalent SERS Tier. That's because the Hybrid plan is a better plan. That is, it provides all of the benefits of the equivalent SERS Tier, plus a cash withdrawal option unavailable to standard SERS plans (the employee's contribution, a 5% employer match, plus a guaranteed 4% annual interest). So when SERS pension contributions go up, the Hybrid plan contributions go up automatically to always stay 3% higher than the other SERS plans.
- How does this effect people in the Tier 2
 Hybrid. I pay 3% into the SERS plan (3% more than the 0% paid by Tier 2 SERS). But I also am required by the IRS to contribute 2% into my ARP account. Will that requirement continue?

Not fully. The IRS requires that your pension contribution not go lower than the 5% you used to pay to the ARP. On 7/1/17 when the SERS Contribution is raised to 4.5%, you be given an option to "opt out" of continuing your full 2% contribution to the ARP, and reducing it to .5%, so that your total remains 5%. In July of 7/1/19, you will be given the same option about the additional .5%. If you "opt out" of that as well, you will be paying 5% into SERS and nothing into the ARP. Again your total remains at 5%, the minimum allowed by the IRS.

3. What about the ARP. The Framework says that the employer contribution to the ARP diminishes by ½% for each 1% a SERS employee's contribution goes up. How will that work?

Right now, the Employer contribution to the ARP is 8%, and the employee pays 5%. Effective 7/1/17, the Employer contribution will go down by ¾% (or .75%) to 7.25%. 7/1/19, the Employer share will go down an additional ¼% (.25%) to 7%. Each time this happens, the Employee contribution will go up by the same amount, to keep the total contribution at 13% unless the individual employee chooses to "opt out", and retain their 5% contribution rate. In this case, the total contribution into the employee's ARP account will diminish to reflect the lowered Employer contribution of 7%.

6. Where can I find out more information?

The best place is through your elected union leadership or through your union's website.

You can also find helpful links here: CTStateEmployees