

# The Connecticut General Assembly



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## **LEGISLATIVE LEADERS CALL FOR INVESTMENT IN TEACHERS' RETIREMENT FUND**

### **Using surplus funds now saves taxpayers over long term**

Speaker of the House Jim Amann (D-Milford) is calling for a portion of the \$524.5 million state budget surplus to be used to offset un-funded pension obligations to the Teachers' Retirement System. Amann says by paying off the \$246.2 million owed the pension fund now, taxpayers would save \$737.2 million over the next 25 years.

"The state's pension obligations are not going away and will have to be paid in full eventually," Amann said. "By investing some of our surplus dollars now, taxpayers save big in the long term."

"It makes sense to use the surplus to reduce the state's financial obligations – that's smart for the state and for taxpayers," said Senate President Pro Tempore Donald E. Williams Jr. "And keeping the commitment to the Teacher's Retirement Fund is critical because most teachers will not be eligible to receive Social Security benefits – this is truly what they depend on for their retirement."

"The state must stand behind pensions. Workers need to know their pensions are secure and protected," said House Majority Leader Chris Donovan (D-Meriden).

Full funding of the teachers' retirement system is required by law, but state contributions presently stand at approximately 70 percent. A total of \$562.1 million was earmarked for the fund under the current state budget for 2005-07, but that still left a \$246.2 million shortfall.

"National bond-rating agencies have cited the unfunded liability of the state's pension plans as a very important factor in determining the fiscal health of our state... something that should concern not only our teachers, but every taxpayer," said State Treasurer Denise L. Nappier. "At a time of budget surplus, it would be both foolhardy and fiscally imprudent not to bring the state's contribution closer to the figure required to meet the plan actuaries' recommendations. That's why this proposal is a significant step in the right direction."

"This is about sound long-term fiscal policy and the state honoring commitments to working families," said Denise Merrill (D-Mansfield), House Chair of the Legislature's Appropriations Committee. "Government has a responsibility to set a better example as we hear about more and more corporations abandoning their pension obligations to long time employees."

"For every dollar that we put in the teachers' pension fund, taxpayers save three dollars in the long term, making this is one of the best investments we can make," said Rep. Andrew Fleischmann (D-West Hartford), House Chairman of the Education Committee. "Quality education means quality teachers and you can't attract and retain them without a solid retirement program."

"The Legislature has elevated education to priority status," Amann said. "Investing in our children's future and the future of those who teach them provides a solid return for all of us."