



RETIREMENT SERVICES DIVISION MEMORANDUM 2024-01

May 3, 2023

TO ALL HEADS OF STATE AGENCIES

ATTENTION: All Personnel and Payroll Officers

**SUBJECT: FY 2024-2025 State Employee Retirement Plan (SERS) Tier IV
“Shortfall Contributions”**

The following information concerns the shortfall retirement contributions made by members of the Tier IV retirement plan. Please refer to Comptroller Memorandum 2023-01 for rules and application of the shortfall contributions.¹

I. The Following Information is Specific to Fiscal Year 2024 – 2025.

SERS Tier IV members will stop paying the additional 2% shortfall contribution at the end of the current fiscal year, FY 2023 – 2024. The shortfall contribution is based on the performance of plan investments during the preceding calendar year.

The “benchmark” for that performance, as determined through collective bargaining, is the assumed rate of annual growth used to determine the SERS plan’s actuarial funding. That assumed rate is currently 6.9%. For calendar year 2023, the actual performance of the pension fund’s investments was 13.28%. Therefore, actual performance has exceeded the assumed rate of growth, and it will not be necessary for Tier IV members to make an additional, risk-sharing contribution in FY 2024 – 2025.

CORE-CT will be ending the deduction codes through a batch process effective for biweekly employees as of July 5, 2024.

When hiring employees on or after July 1, 2024, please **do not include** a shortfall deduction. The code itself will be inactive and should not appear. However, if you are rehiring an employee that was employed during the shortfall period, the codes will appear from the prior employment. As such, it is critical that payroll **should not** activate them for FY 2024 – 2025.

¹ <https://osc.ct.gov/wp-content/uploads/2023/08/2023-01r.pdf>

One additional note of caution: be sure to notify your employees that, although the shortfall deduction will end for the coming FY, it may apply in future years, depending on plan performance in accordance with “risk sharing” provision set forth in the SEBAC 2017 labor agreement.

Pursuant to that agreement, in any future year in which the SERS fund’s actual the calendar year-end investment performance falls below the actuarially assumed benchmark (currently 6.9%), an additional risk-sharing contribution of up to the maximum amount of 2% must be applied in the following fiscal year.

II. Automatic Cessation of Shortfall Deduction Codes for Existing SERS Tier IV Employees

For existing Tier IV employees, no action on the part of your agency is necessary to disable the shortfall codes. Current Tier IV employees — including Hazardous Duty and Hybrid Plan employees — already have Tier IV series retirement deductions coded in CORE-CT. CORE-CT will update those employees’ general deductions to stop Tier IV shortfall deductions via batch process. These batch processes will end date all active Tier IV shortfall deductions as follows.

Employee Payroll Cycle	Batch Process Run Date	Deduction End Date
Biweekly	07/05/2024	06/28/2024
Special Biweekly	07/05/2024	07/12/2024
Semi-Monthly	07/05/2024	07/16/2024
Legislative Monthly	06/21/2024	08/01/2024

All new hires, biweekly, special biweekly, and semi-monthly employees who are added to the payroll after close of business on July 3, 2024 and monthly employees who are added to payroll after close of business on June 21, 2024, should no longer have shortfall deductions available.

If you have any questions concerning these changes, please feel free to contact the Retirement Services Division at (860) 702-3480.

Very truly yours,

By: 

John Herrington,
Retirement Services Division