STATE of CONNECTICUT

RETIREMENT SERVICES DIVISION

RETIREMENT SERVICES DIVISION
OFFICE of the STATE COMPTROLLER
165 Capitol Ave.
Hartford, CT 06106

RETIREMENT SERVICES DIVISION MEMORANDUM 2026-03

July 31, 2026

ATTENTION: **Human Resource and Payroll Officers**

SUBJECT: **Implementation of Administrative Retirement Provisions Contained in the 2026 SEBAC Agreement**

I. Introduction

The State Employees Bargaining Agent Coalition (SEBAC) and the Office of Labor Relations (OLR) recently reached agreement on a series of administrative changes affecting the administration of retirement benefits. The purpose of this memorandum is to provide a general overview of the retirement-related provisions of that agreement and preliminary information concerning their implementation.

The retirement provisions of the Agreement are primarily administrative in nature; they are intended to improve the processing of retirement benefits, service credit purchases, retirement plan elections, retirement plan enrollment, and contribution corrections. The Agreement does not modify the basic terms of retirement plans, such as eligibility requirements, benefit formulas, employee contribution rates, or cost-of-living adjustment provisions.

SEBAC and OLR continue to negotiate a potentially broader, successor agreement that will apply beyond June 30, 2027. The provisions discussed in this memorandum are intended to address certain administrative issues while those negotiations continue.

Unless otherwise noted, the Retirement Services Division will begin implementing the provisions described below on August 1, 2026. Additional guidance will be issued as necessary regarding the implementation and application of specific provisions.

II. Retirement Provisions

A. Service Credit Purchases for Leave Periods

The Agreement relaxes certain administrative restrictions applicable to the purchase of retirement credit for otherwise qualifying periods of family and medical leave and eligible sick leave absences.

Pursuant to the Agreement, employees who are otherwise eligible to purchase retirement credit for documented periods of qualifying Family and Medical Leave Act (FMLA) leave and/or eligible sick leave absences may now do so without regard to the previous requirement that such leave be purchased in one-month increments or the prior restrictions applicable to scattered periods of leave.

This change does not alter the underlying eligibility requirements or other existing limitations applicable to such purchases. In particular, the existing limitation permitting the purchase of no more than fifteen months of qualifying FMLA and/or eligible sick leave during any five-year period remains unchanged.

Revised forms and administrative procedures addressing these provisions will be issued separately.

B. Retirement Plan Enrollment and Election Opportunities for Certain UConn Special Payroll Adjunct Lecturers

The Agreement modifies retirement plan enrollment and election provisions applicable to certain UConn Special Payroll adjunct lecturers.

Beginning August 1, 2026, individuals first employed in affected UConn Special Payroll adjunct lecturer positions will no longer be restricted to participation in the Alternate Retirement Program solely because of their employment in those positions. Instead, they will be afforded the same retirement plan election opportunities that are generally available to other newly hired state employees serving in higher education positions.

This change addresses longstanding administrative issues associated with retirement plan enrollment and election opportunities for affected UConn Special Payroll adjunct lecturers, while maintaining compliance with federal laws that govern retirement plans.

The new provision applies only to individuals who are first employed in affected UConn Special Payroll adjunct lecturer positions on or after August 1, 2026. Current employees who were first employed in those positions before August 1, 2026, will not receive a new opportunity to make a retirement plan election, because allowing them to do so would violate applicable IRS provisions.

Additional guidance concerning affected positions, election procedures, and enrollment requirements will be issued separately.

C. Missed Contributions and Contribution Corrections

The Agreement establishes new procedures governing the correction of retirement contribution, retirement plan participation, and retirement service credit errors.

For defined contribution retirement plans, including the Alternate Retirement Program (ARP) and the Tier IV Defined Contribution Plan, retirement contribution errors shall be corrected in accordance with the Internal Revenue Service's Employee Plans Compliance Resolution System (EPCRS).

Where a retirement contribution deficiency affecting a defined contribution plan is attributable to employer error, the employing agency shall be responsible for funding the amounts necessary to correct the deficiency.

Depending on the nature of the error and the applicable correction requirements, such amounts may include missed employee contributions, missed employer contributions, and applicable investment earnings or lost gains. These correction requirements are intended to restore the employee to the position he or she would have occupied had the error not occurred.

The Agreement also establishes procedures governing the correction of retirement contribution, retirement plan participation, and service credit issues in defined benefit retirement plans. Where a retirement contribution deficiency, participation error, or service credit deficiency affecting a defined benefit retirement plan is attributable to employer error, the employing agency shall be responsible for funding the contributions or other amounts necessary to correct the deficiency and restore the employee to the position he or she would have occupied had the error not occurred.

For purposes of applying these provisions, a retirement contribution or service credit deficiency will be presumed to be attributable to agency error unless the agency provides sufficient evidence to establish that the deficiency was not caused by the agency’s act or omission.

When missed contributions affecting a defined benefit retirement plan are not attributable to agency error, the member may elect either to pay the missed contributions or to forfeit the affected service credit, to the extent permitted by applicable Internal Revenue Service requirements and existing plan rules.

The Agreement further provides that no settlement, stipulated agreement, or other agreement affecting retirement contributions, retirement plan participation, or retirement service credit may be finalized without review by the Office of the State Comptroller.

D. Teachers’ Retirement System Eligibility Verification

The Agreement establishes additional procedures regarding positions represented as eligible for participation in the Teachers’ Retirement System (TRS).

Agencies offering positions identified as eligible for participation in TRS must ensure that such positions satisfy applicable TRS eligibility requirements before extending an offer of employment.

Employees and agencies should continue to consult applicable guidance issued by the Teachers’ Retirement Board regarding retirement plan eligibility and participation requirements.

E. Disclosure of Available Retirement Plan Elections

Where a new employee is eligible to choose from among multiple retirement plans, the Agreement requires the employing agency or institution to identify all the available plans before an applicant accepts employment.

This provision addresses federal law that prohibits employees from changing their retirement plan election after the first day of employment. It is intended to ensure that prospective employees receive timely information concerning available retirement plan choices and are able to make informed decisions regarding participation.

Agencies should prepare materials and procedures to ensure that applicants are provided with information regarding all available retirement plan options before they accept employment. Employees should also consult the retirement plan information available through the Office of the State Comptroller's website, applicable Summary Plan Descriptions, retirement plan comparison materials, and other new-hire retirement planning resources when evaluating available retirement plan options.

III. Additional Guidance

The Retirement Services Division is currently updating forms, procedures, and administrative materials necessary to implement these changes. Additional memoranda, forms, and instructions will be issued as implementation activities are completed.

IV. Questions

If you have questions concerning the retirement issues discussed herein, please feel free to contact the Retirement Services Division at (860) 702-3480 or by email, at osc.rsd@ct.gov.

Very truly yours,

John W. Herrington
Director