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STATE OF CONNECTICUT

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# TREASURER SHAWN T. WOODEN

## STATEMENT ON TEACHERS' RETIREMENT FUND RESTRUCTURING PROPOSAL INCLUDED IN GOVERNOR LAMONT'S BUDGET

### For Immediate Release

Finding a solution to the state's crippling pension liabilities that affect every taxpayer in Connecticut is one of the reasons I ran for Treasurer, and has been my top priority since taking office.

This plan represents a new road map for Connecticut's fiscal future and stability, while minimizing the impact on taxpayers.

It also will allow scarce resources to be directed to the right priorities like economic growth, education and infrastructure that can move our state forward.

Creating this multi-faceted proposal in a matter of weeks is an extraordinary accomplishment, and is evidence of what can be done when government works collaboratively.

The proposal reflects three core principles that form a foundation for restructuring how the teachers' pension system is funded.

First, the state will keep its promises to investors in our bonds.

Second, we will abide by a statutory bond covenant by providing adequate provision for bondholders in order to access the flexibility available in re-setting the amortization schedule.

Every facet of this solution is consistent with the provisions of the bond covenant and the advice previously provided by the state's bond counsel.

Third, it addresses a long-standing concern of the major credit rating agencies by instilling greater flexibility in the repayment of our long-term obligations.

It also adopts a more realistic investment-return assumption (8.0% to 6.9%) in line with capital market expectations.

At long last, this more realistic investment return assumption will be in sync with the pension funds' strategy for investing without taking on undue risk.

I will always look to put our state on a stronger financial path, as well as to improve Connecticut's standing on Wall Street, and this plan is a solid step in that direction.

Shawn T. Wooden  
State Treasurer

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