S T A T E   O F   N E W   Y O R K

7611

I N S E N A T E

April 26, 2010

Introduced by Sen. SAVINO -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

AN ACT to amend the administrative code of the city of New York, in relation to the rate of regular interest used in the actuarial valuation of liabilities for the purpose of calculating contributions to the New York city employees' retirement system, the New York city teachers' retirement system, the police pension fund, subchapter two, the fire department pension fund, subchapter two and the board of education retirement system of such city by public employers and other obligors required to make employer contributions to such retirement systems, and the crediting of special interest and additional interest to members of such retirement systems, and the allowance of supplementary interest on the funds of such retirement systems

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Paragraph 2 of subdivision b of section 13-638.2 of the administrative code of the city of New York, as amended by chapter 211 of the laws of 2009, is amended to read as follows:

(2) With respect to each retirement system, such rate of interest shall be as hereinafter set forth in this paragraph:

Retirement System	Rate of interest per centum per annum, compounded annually	First day and last day of fiscal year or series of fiscal years for which rate is effective
NYCERS	8%	July 1, 2004 to June 30, [2010] 2011
NYCTRS	8%	July 1, 2004 to June 30, [2010] 2011
PPF	8%	July 1, 2004 to June 30, [2010] 2011

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

LBD16969-01-0

FPF	8%	July 1, 2004 to June 30, [2010] 2011
BERS	8%	July 1, 2004 to June 30, [2010] 2011

S 2. Paragraph 2 of subdivision f of section 13-638.2 of the administrative code of the city of New York, as amended by chapter 211 of the laws of 2009, is amended to read as follows:

(2) Such special interest shall be allowed at the rates and for the periods set forth below in this paragraph:

Retirement System	Rate of interest per centum per annum, compounded annually	First day and last day of fiscal year or series of fiscal years for which rate is effective
NYCERS	1 1/4%	July 1, 2004 to June 30, [2010] 2011
NYCTRS	1 1/4%	July 1, 2004 to June 30, [2010] 2011
PPF	1 1/4%	July 1, 2004 to June 30, [2010] 2011
FPF	1 1/4%	July 1, 2004 to June 30, [2010] 2011
BERS	1 1/4%	July 1, 2004 to June 30, [2010] 2011

S 3. Paragraph 2 of subdivision g of section 13-638.2 of the administrative code of the city of New York, as amended by chapter 211 of the laws of 2009, is amended to read as follows:

(2) Such additional interest shall be included at the rates and for the periods set forth below in this paragraph:

Retirement System	Rate of interest per centum per annum, compounded annually	First day and last day of fiscal year or series of fiscal years for which rate is effective
NYCERS	1 1/4%	July 1, 2004 to June 30, [2010] 2011
NYCTRS	1 1/4%	July 1, 2004 to June 30, [2010] 2011
PPF	1 1/4%	July 1, 2004 to June 30, [2010] 2011
FPF	1 1/4%	July 1, 2004 to June 30, [2010] 2011
BERS	1 1/4%	July 1, 2004 to June 30, [2010] 2011

S 4. Paragraph 2 of subdivision i of section 13-638.2 of the administrative code of the city of New York, as amended by chapter 211 of the laws of 2009, is amended to read as follows:

(2) Such supplementary interest shall be allowed at the rates and for the periods set forth below in this paragraph:

Retirement System	Rate of interest per centum per annum, compounded annually	First day and last day of fiscal year or series of fiscal years for which rate is effective
NYCERS	1%	July 1, 2004 to June 30, [2010] 2011
NYCTRS	1%	July 1, 2004 to June 30, [2010] 2011
PPF	1%	July 1, 2004 to June 30, [2010] 2011
FPF	1%	July 1, 2004 to June 30, [2010] 2011
BERS	1%	July 1, 2004 to June 30, [2010] 2011

S 5. This act shall take effect July 1, 2010, except that if it shall have become a law subsequent to such date, this act shall take effect immediately and shall be deemed to have been in full force and effect on and after July 1, 2010.

FISCAL NOTE.--Pursuant to Legislative Law, Section 50:

PROVISIONS OF PROPOSED LEGISLATION - OVERVIEW:

The enactment of this proposed legislation (referred to hereafter as "Interest Rate Extender Legislation") would amend Administrative Code of the City of New York ("ACNY") Section 13-638.2 to continue for Fiscal Year 2011 for the five actuarially-funded New York City Retirement Systems ("NYCRS") the following rates that expire on June 30, 2010:

* The 8.25% per annum rate used to credit interest on Tier I and Tier II member account balances and Increased-Take-Home-Pay ("ITHP") Reserves, and

* The 8.0% per annum Actuarial Interest Rate ("AIR") assumption used to compute employer contributions.

The Effective Date for this proposed Interest Rate Extender Legislation would be July 1, 2010.

FINANCIAL IMPACT - EMPLOYER CONTRIBUTIONS: The continuation for Fiscal Year 2011 of the same 8.25% per annum rate that was used for Fiscal Year 2010 to credit interest on Tier I and Tier II member contributions and ITHP Reserves would not change the amount or timing of expected employer contributions.

The continuation for Fiscal Year 2011 of the AIR assumption of 8.0% per annum that was used to determine employer contributions to the NYCRS for Fiscal Year 2010 would not change the expected amount or timing of employer contributions.

Note: The Actuary anticipates developing proposed changes in actuarial assumptions and methods to be effective for Fiscal Year 2011 but not until sometime during Fiscal Year 2011.

The financial impact of implementing those proposed changes in actuarial assumptions and methods can be expected to differ from the financial impact determined using the actuarial assumptions and methods continued from Fiscal Year 2010.

OTHER COSTS: Enactment of this proposed legislation would not be expected to produce any additional costs.

STATEMENT OF ACTUARIAL OPINION: I, Robert C. North, Jr., am the Chief Actuary for the New York City Retirement Systems. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

FISCAL NOTE IDENTIFICATION: This estimate is intended for use only during the 2010 Legislative Session. It is Fiscal Note 2010-11, dated March 24, 2010, prepared by the Chief Actuary for the New York City Retirement Systems.