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

10126

I N A S S E M B L Y

May 9, 2012

Introduced by M. of A. ABBATE -- Multi-Sponsored by -- M. of A. GABRYSZAK, KEARNS, RYAN -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to allowing certain police and firefighters to participate in an optional 20 year retirement plan in certain circumstances

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

Section 1. The retirement and social security law is amended by adding a new section 384-f to read as follows:

S 384-F. OPTIONAL TWENTY YEAR RETIREMENT PLAN FOR MEMBERS OF THE NEW YORK STATE AND LOCAL POLICE AND FIRE RETIREMENT SYSTEM. A. NOTWITHSTANDING THE PROVISIONS OF ANY GENERAL, SPECIAL OR LOCAL LAW OR CODE TO THE CONTRARY, ANY MEMBER OF THE NEW YORK STATE AND LOCAL POLICE AND FIRE RETIREMENT SYSTEM WHOSE MEMBERSHIP IN SUCH RETIREMENT SYSTEM COMMENCED BETWEEN JULY FIRST, TWO THOUSAND NINE AND MARCH THIRTY-FIRST, TWO THOUSAND TWELVE AND IS NOT SUBJECT TO THE TERMS OF AN AGREEMENT AS DEFINED BY SUBDIVISION TWELVE OF SECTION TWO HUNDRED ONE OF THE CIVIL SERVICE LAW, MAY ELECT TO CONTRIBUTE TO SUCH RETIREMENT SYSTEM PURSUANT TO SECTION THREE HUNDRED EIGHTY-FOUR-D OF THIS TITLE, IF HIS OR HER EMPLOYER HAS PREVIOUSLY ELECTED TO MAKE THE BENEFITS OF SECTION THREE HUNDRED EIGHTY-FOUR-D OF THIS TITLE AVAILABLE TO ITS MEMBERS.

B. ANY MEMBER WHO ELECTS TO CONTRIBUTE PURSUANT TO THIS SECTION SHALL NOT BE REQUIRED TO MAKE CONTRIBUTIONS PURSUANT TO ARTICLE FOURTEEN OR SECTION TWELVE HUNDRED FOUR OF THIS CHAPTER.

C. NOTWITHSTANDING THE PROVISIONS OF SUBDIVISION A OF SECTION THREE HUNDRED EIGHTY-FOUR-D OF THIS TITLE, ANY MEMBER WHO SEEKS TO ELECT TO CONTRIBUTE PURSUANT TO THIS SECTION MAY DO SO: WITHIN SIX MONTHS AFTER THE MEMBER BECOMES A MEMBER OF SUCH RETIREMENT SYSTEM; WITHIN SIX MONTHS AFTER HIS OR HER EMPLOYER ELECTS TO MAKE THE BENEFITS OF SECTION THREE HUNDRED EIGHTY-FOUR-D OF THIS TITLE AVAILABLE TO ITS MEMBERS; OR WITHIN SIX MONTHS OF THE EFFECTIVE DATE OF THIS SECTION.

S 2. This act shall take effect immediately.

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

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

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This bill would grant that an individual who became a Tier 3 or a Tier 5 member of the New York State and Local Police and Fire Retirement System (PFRS) before the date of enactment of this legislation and whose employer has elected to provide the provisions of Section 384-d, and who is not subject to a collective bargaining agreement, would no longer be required to make mandatory employee contributions.

This bill would also allow a small number of individuals who became members of the PFRS on or after July 1, 2009 and before January 9, 2010 and who did not timely file an application to become covered under the provisions of Section 384-d within the one year required filing period to file for such coverage.

If this bill is enacted, we anticipate that the employers of such Tier 3 and Tier 5 members who would no longer be required to contribute would see an increase in their annual employer contributions for the fiscal year ending March 31, 2013 of approximately 3.9% of the annual salaries of such members.

In addition to these costs, there would be a future annual cost which would be borne by any employer of a member who would become eligible to file for Section 384-d coverage. These costs would depend on the current plan coverage and salaries of affected members. There would also be a past service cost for each such member, which would depend on the age, service, salary and plan coverage of the member. These past service costs would be borne by all the employers in the PFRS.

Summary of relevant resources:

Data: March 31, 2011 Actuarial Year End File with distributions of membership and other statistics displayed in the 2011 Report of the Actuary and 2011 Comprehensive Annual Financial Report.

Assumptions and Methods: 2010 and 2011 Annual Report to the Comptroller on Actuarial Assumptions, Codes Rules and Regulations of the State of New York: Audit and Control.

Market Assets and GASB Disclosures: March 31, 2011 New York State and Local Retirement System Financial Statements and Supplementary Information.

Valuations of Benefit Liabilities and Actuarial Assets: summarized in the 2011 Actuarial Valuations report.

I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

This estimate, dated January 13, 2012, and intended for use only during the 2012 Legislative Session, is Fiscal Note No. 2012-53, prepared by the Actuary for the New York State and Local Police and Fire Retirement System.