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

5094--A

2011-2012 Regular Sessions

I N A S S E M B L Y

February 11, 2011

Introduced by M. of A. ABBATE -- read once and referred to the Committee on Governmental Employees -- recommitted to the Committee on Governmental Employees in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, in relation to transfer of retirement membership for employees of SUNY within the professional, scientific and technical bargaining unit

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 618 to read as follows:

S 618. TRANSFER OF MEMBERSHIP INTO NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM. A. DEFINITIONS. WHENEVER USED IN THIS SECTION:

1. THE TERM "ELIGIBLE EMPLOYEE" SHALL MEAN A PERSON WHO AS OF THE EFFECTIVE DATE OF THIS SECTION IS AN EMPLOYEE OF THE STATE UNIVERSITY OF NEW YORK IN A POSITION WITHIN THE PROFESSIONAL, SCIENTIFIC AND TECHNICAL BARGAINING UNIT AND WHO IS AS OF SAID EFFECTIVE DATE A MEMBER OF THE OPTIONAL RETIREMENT PROGRAM AND WHO FIRST BECAME AN EMPLOYEE OF THE STATE UNIVERSITY OF NEW YORK ON A DATE BETWEEN JANUARY FIRST, NINETEEN HUNDRED NINETY-FOUR AND DECEMBER THIRTY-FIRST, TWO THOUSAND AND WHO IS STILL EMPLOYED BY THE STATE UNIVERSITY OF NEW YORK AS OF THE DATE SAID EMPLOYEE FILES AN APPLICATION PURSUANT TO SUBDIVISION B OF THIS SECTION.

2. THE TERM "OPTIONAL RETIREMENT PROGRAM" SHALL MEAN THE OPTIONAL RETIREMENT PROGRAM ESTABLISHED PURSUANT TO ARTICLE EIGHT-B OF THE EDUCATION LAW.

B. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AN ELIGIBLE EMPLOYEE SHALL BE ALLOWED TO BECOME A MEMBER OF THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM BY FILING AN APPLICATION WITH SAID RETIREMENT SYSTEM NO LATER THAN DECEMBER THIRTY-FIRST, TWO THOUSAND THIRTEEN.

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

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C. AN ELIGIBLE EMPLOYEE WHO FILES AN APPLICATION TO BECOME A MEMBER OF THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM SHALL BE DEEMED TO BE A MEMBER OF THAT RETIREMENT SYSTEM WITH A DATE OF MEMBERSHIP AS OF THE DATE SAID ELIGIBLE EMPLOYEE WAS FIRST EMPLOYED BY THE STATE UNIVERSITY OF NEW YORK. THE ELIGIBLE EMPLOYEE'S MEMBERSHIP IN THE OPTIONAL RETIREMENT PROGRAM SHALL TERMINATE AS OF THE DATE SAID APPLICATION IS FILED.

D. AN ELIGIBLE EMPLOYEE WHO BECOMES A MEMBER OF THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM PURSUANT TO SUBDIVISION B OF THIS SECTION SHALL BEGIN ACCRUING SERVICE CREDIT IN SAID RETIREMENT SYSTEM AS OF THE DATE SUCH APPLICATION IS FILED, BUT SAID ELIGIBLE EMPLOYEE SHALL NOT BE ENTITLED TO ANY PREVIOUS SERVICE CREDIT FOR ANY PERIOD OF EMPLOYMENT DURING WHICH SAID ELIGIBLE EMPLOYEE WAS A MEMBER OF THE OPTIONAL RETIREMENT PROGRAM, EXCEPT AS PROVIDED IN THIS SECTION. AN ELIGIBLE EMPLOYEE WHO BECOMES A MEMBER OF THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM PURSUANT TO SUBDIVISION B OF THIS SECTION MAY ELECT TO PURCHASE CREDIT FOR PREVIOUS SERVICE FOR ANY PERIOD DURING WHICH SAID EMPLOYEE WAS A MEMBER OF THE OPTIONAL RETIREMENT PROGRAM BY FILING AN APPLICATION WITH THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM NO LATER THAN DECEMBER THIRTY-FIRST, TWO THOUSAND THIRTEEN AND BY PAYING TO SAID RETIREMENT SYSTEM AN AMOUNT AS DETERMINED BY THE COMPTROLLER EQUAL TO THE FULL COST OF SUCH PREVIOUS SERVICE CREDIT PURCHASED. SAID PAYMENT MAY BE MADE BY A TRANSFER OF FUNDS FROM THE EMPLOYEE'S OPTIONAL RETIREMENT PROGRAM ACCOUNT TO THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM. SAID PAYMENT MAY ALSO BE MADE IN ONE PAYMENT BY THE EMPLOYEE OR BY PAYROLL DEDUCTION OVER A PERIOD NOT TO EXCEED FIVE YEARS.

S 2. This act shall take effect immediately.

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

This bill will allow employees of the State University of New York (SUNY) in a position within the Professional, Scientific and Technical bargaining unit, who first became employed with SUNY between January 1, 1994 and December 31, 2000, and who enrolled in the Optional Retirement Program, to terminate their memberships in the Optional Retirement Program and to be deemed to be members of the New York State and Local Employees' Retirement System (NYSLERS) with a date of membership as of the date of first employment by SUNY. Affected members will have to pay the entire past service cost as determined by the Comptroller in order to get retirement service credit for the service rendered before their dates of membership.

If this bill is enacted, the number of employees who may be affected by this legislation cannot be readily determined. For every employee who does so elect, there will be an annual cost to the State of New York of approximately 18.6% of salary for the fiscal year ending March 31, 2013.

In addition to the annual cost above, for every member who elects this benefit, there will be a past service cost that will depend on the age, service and salary of the member. The members will be able to offset this cost by the transfer of funds from their Optional Retirement Program balances. For an individual member, if the amount transferred from the Optional Retirement Program is less than the past service cost, the member will be have to make up the difference either as a one-time payment or by making a series of payments over a period of five (5) years.

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 November 14, 2011, and intended for use only during the 2012 Legislative Session, is Fiscal Note No. 2012-12, prepared by the Actuary for the New York State and Local Employees' Retirement System.