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

9157--A

I N A S S E M B L Y

January 31, 2012

Introduced by M. of A. ABBATE -- read once and referred to the Committee on Governmental Employees -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the administrative code of the city of New York, in relation to the right of vested members to withdraw from the New York city teachers' retirement system

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

Section 1. Section 13-541 of the administrative code of the city of New York, as amended by chapter 854 of the laws of 1985, is amended to read as follows:

S 13-541 Termination of membership; resignation, transfer or dismissal. 1. Withdrawals from the retirement association shall be by resignation, by transfer, or by dismissal. Should a contributor resign from the position by virtue of which he or she is a contributor under the provisions of this chapter, or should he or she, upon transferring from such a position to another position in the city-service, fail to become a transferred-contributor as provided in section 13-523 of this chapter, his or her membership in such association shall cease except as provided in section 13-556 of this code and he or she shall be paid forthwith the full amount of the accumulated deductions standing to the credit of his or her individual account in the annuity savings fund.

2. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, ANY MEMBER OF THE RETIREMENT ASSOCIATION SUBJECT TO ARTICLE FOURTEEN OR FIFTEEN OF THE RETIREMENT AND SOCIAL SECURITY LAW WHO HAS PERMANENTLY CEASED TEACHING SHALL HAVE THE RIGHT TO ELECT THE RETURN OF HIS OR HER ACCUMULATED CONTRIBUTIONS AND THEREBY TERMINATE HIS OR HER MEMBERSHIP IN THE RETIREMENT ASSOCIATION WITHOUT REGARD TO THE AMOUNT OF SERVICE TO HIS OR HER CREDIT, PROVIDED A PUBLIC EMPLOYEE RETIREMENT SYSTEM IN ANOTHER STATE HAS CERTIFIED IN A MANNER SATISFACTORY TO THE SYSTEM THAT SUCH MEMBER IS A MEMBER OF SUCH OTHER RETIREMENT SYSTEM, HAS AT LEAST FIVE YEARS OF RETIREMENT CREDIT IN SUCH OTHER SYSTEM, AND IS ELIGIBLE, UPON THE TERMINATION OF HIS OR HER MEMBERSHIP IN THE SYSTEM, TO OBTAIN RETIREMENT CREDIT IN SUCH OTHER RETIREMENT SYSTEM FOR THE SERVICE WHICH

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

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HAS BEEN CREDITED TO HIS OR HER MEMBERSHIP IN THE SYSTEM. UPON REFUND OF SUCH ACCUMULATED CONTRIBUTIONS, ANY AND ALL OBLIGATIONS OF THE RETIREMENT ASSOCIATION TO SUCH MEMBER SHALL BE TOTALLY DISCHARGED. THE TEACHERS' RETIREMENT BOARD IS AUTHORIZED TO ADOPT SUCH RULES AND REGULATIONS AS MAY BE NECESSARY TO IMPLEMENT THIS SUBDIVISION.

S 2. This act shall take effect immediately.

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

PROVISIONS OF PROPOSED LEGISLATION: This proposed legislation would amend Administrative Code of the City of New York ("ACNY") Section 13-541 to allow certain Tier III and Tier IV members of the New York City Teacher's Retirement System ("TRS") to withdraw their memberships from TRS under certain conditions.

For purposes of this Fiscal Note, the references herein to Tier IV include those TRS members who dates of membership are on or after April 1, 2012 (a.k.a., Tier VI members).

Specifically, this proposed legislation would permit a Tier III or Tier IV member of TRS who has permanently ceased teaching to elect the return of his or her accumulated member contributions and terminate his or her membership in TRS without regard to the amount of service to his or her credit.

As a condition necessary to this election, a Public Employee Retirement System ("PERS") in another state must certify in a manner satisfactory to TRS that such member is a member of such other PERS, has at least five years of retirement credit in such other PERS, and is eligible, upon the termination of his or her membership in TRS, to obtain retirement credit in such other PERS for the service which has been credited to his or her membership in TRS.

Upon refund to the member of his or her accumulated member contributions, any and all obligations of TRS to the member would be totally discharged.

The TRS Retirement Board would be authorized to adopt such rules and regulations as may be necessary to implement this subdivision.

Note: One of the consequences to a member withdrawing from TRS would be to eliminate the opportunity of the member to receive any Other Postemployment Benefits ("OPEB") from the City of New York or other former employer participating in TRS.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUE OF BENEFITS AND EMPLOYER CONTRIBUTIONS: For most members likely to elect the provisions of this proposed legislation, enactment would result in a modest reduction in the Actuarial Present Value of Benefits ("APVB") and employer contributions to TRS.

OTHER COSTS: The enactment of this proposed legislation would result in some administrative expenses for TRS.

The enactment of this proposed legislation would, for certain members, result in a reduction in the obligations for OPEB benefits from their former employers.

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 2012 Legislative Session. It is Fiscal Note 2012-11, dated May 24, 2012 prepared by the Chief Actuary of the New York City Teachers' Retirement System.