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

6826--A

2011-2012 Regular Sessions

I N A S S E M B L Y

April 4, 2011

Introduced by M. of A. ABBATE -- read once and referred to the Committee on Governmental Operations -- reference changed 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 education law, in relation to payment of interest on delayed benefits for members of the New York state teachers' retirement system

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

Section 1. The education law is amended by adding a new section 540 to read as follows:

S 540. PAYMENT OF INTEREST ON DELAYED BENEFITS. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, INTEREST, AT A RATE OF FIVE PERCENT PER ANNUM, SHALL ACCRUE ON THE OUTSTANDING AMOUNT OF BENEFITS DUE AND OWING COMMENCING WITH THE THIRTY-FIRST DAY AFTER SUCH MEMBER'S EFFECTIVE DATE OF RETIREMENT IN ACCORDANCE WITH RULES AND REGULATIONS ADOPTED BY THE RETIREMENT BOARD. PAYMENT OF SUCH INTEREST SHALL BE MADE AT THE SAME TIME THAT THE PAYMENT OF SUCH OUTSTANDING BENEFITS DUE AND OWING IS MADE.

S 2. This act shall take effect immediately and shall be deemed to be in full force and effect on and after June 30, 2012 and shall apply to any member of the New York state teachers' retirement system who retires on or after such date.

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

This bill amends the Education Law by adding a new section 540 to provide for the payment of interest on benefits due and owing, beginning with the thirty-first day after a member's effective date of retirement. The rate of interest paid will be 5% and shall be paid at the time such outstanding benefits due and owing are made.

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

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The annual cost to the employers of members of the New York State Teachers' Retirement System for this benefit is estimated to be $690,000 or .005% of payroll if this bill is enacted.

The source of this estimate is Fiscal Note 2012-6 dated January 20, 2012 prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2012 Legislative Session. I, Richard A. Young, am the Actuary for the New York State Teachers' Retirement System. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.