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

4890

2013-2014 Regular Sessions

I N A S S E M B L Y

February 13, 2013

Introduced by M. of A. ABBATE, COLTON -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to retirement benefits

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

Section 1. Subdivision b of section 604 of the retirement and social security law, as amended by chapter 266 of the laws of 1998 and the opening paragraph as amended by section 8-b of part B of chapter 504 of the laws of 2009, is amended to read as follows:

b. The service retirement benefit at normal retirement age for a member with twenty years or more of credited service, or with twenty-five or more years credited service for a member who first joins the New York state teachers' retirement system on or after January first, two thousand ten, shall be a retirement allowance equal to one-fiftieth of final average salary times years of credited service [not in excess of thirty years.

Credited service in excess of thirty years shall provide an additional retirement allowance equal to three-two hundredths of the final average salary for each year of credited service in excess of thirty years].

S 2. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after June 30, 2013.

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

This bill would amend subdivision b of section 604 of the Retirement and Social Security Law to replace the current benefit of 1.5% of final average salary for each year of service credit in excess of thirty (30) years with a 2.0% benefit. This benefit would apply to all Tier 3, Tier 4 and Tier 5 members except for state correction officers. This bill shall be deemed in effect on and after June 30, 2013.

Insofar as this bill would affect the New York State and Local Employees' Retirement System, if it is enacted, there will be a past service

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

LBD08305-01-3

cost of approximately $1.1 billion. If this cost is amortized over a 5 year period, the first year cost including interest would be approximately $253.6 million.

In addition to the past service cost above, there would also be an increase in the annual contributions of approximately 0.2% of the annual salaries of the Tiers 3, 4 and 5 general plan members.

Pursuant to Section 25 of the Retirement and Social Security Law, the past service cost and increase in annual contribution cost would be borne by the State of New York and would require an itemized appropriation by the State of New York sufficient to pay the cost of the provision.

Summary of relevant resources:

Data: March 31, 2012 Actuarial Year End File with distributions of membership and other statistics displayed in the 2012 Report of the Actuary and 2012 Comprehensive Annual Financial Report.

Assumptions and Methods: 2010, 2011 and 2012 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, 2012 New York State and Local Retirement System Financial Statements and Supplementary Information.

Valuations of Benefit Liabilities and Actuarial Assets: summarized in the 2012 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 December 21, 2012, and intended for use only during the 2013 Legislative Session, is Fiscal Note No. 2013-21, prepared by the Actuary for the New York State and Local Employees' Retirement System.