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

8802

I N A S S E M B L Y

February 14, 2014

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

AN ACT to amend the retirement and social security law, in relation to the management of retirement loans

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

Section 1. Subdivisions e and f of section 50 of the retirement and social security law, subdivision e as amended by chapter 705 of the laws of 1964, are amended to read as follows:

e. The borrowing member's [anuuity] ANNUITY savings account shall not be reduced by the loan obtained but a subsidiary record shall be maintained reflecting the outstanding balance on such loan, as well as the allocation of the payroll deductions to principal and interest. Upon the member's withdrawal of his accumulated contributions or retirement, the balance due on his loan shall be deducted from the amount to his credit at such time in the annuity savings fund. Upon the death of the member [prior to the loan being fully insured, that portion thereof which is uninsured, shall similarly be deducted from the amount to his credit at the time of his death in the annuity savings fund] THE CORRESPONDING SURVIVOR'S BENEFIT WILL BE DECREASED IN AN AMOUNT PRESCRIBED BY THE COMPTROLLER BASED UPON AN AMORTIZATION SCHEDULE CALCULATED USING THE AMOUNT OF PRINCIPAL OUTSTANDING, INTEREST RATE AND ESTIMATED LENGTH OF BENEFIT PAYMENT AS PRESCRIBED BY ACTUARIAL TECHNIQUES PRESCRIBED BY THE COMPTROLLER, UNTIL SUCH TIME THAT ALL OUTSTANDING PRINCIPAL AND INTEREST AMOUNTS HAVE BEEN SATISFACTORILY REPAID.

f. In the case of any benefit wherein the amount of pension will be determined, in part, by the amount of annuity, such annuity shall be computed upon the basis of accumulated contributions as if there were no loan or no additional contributions. The resulting retirement allowance shall then be reduced by [the actuarial equivalent of the present value of any oustanding loan.] AN AMOUNT PRESCRIBED BY THE COMPTROLLER BASED UPON AN AMORTIZATION SCHEDULE CALCULATED USING THE AMOUNT OF PRINCIPAL OUTSTANDING, INTEREST RATE AND ESTIMATED LENGTH OF BENEFIT PAYMENT AS PRESCRIBED BY ACTUARIAL TECHNIQUES PRESCRIBED BY THE COMPTROLLER, UNTIL SUCH TIME THAT ALL OUTSTANDING PRINCIPAL AND INTEREST AMOUNTS HAVE BEEN SATISFACTORILY REPAID.

S 2. This act shall take effect immediately.

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

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