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

5053

2013-2014 Regular Sessions

I N S E N A T E

May 7, 2013

Introduced by Sen. GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

AN ACT to amend the retirement and social security law, in relation to partial lump sum payments for certain members of the New York state and local police and fire retirement system

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

Section 1. Subdivision 2 of section 1100 of the retirement and social security law is amended by adding two new paragraphs d and e to read as follows:

D. ANY MEMBER WHO FILES FOR RETIREMENT AFTER BEING ELIGIBLE TO RETIRE FOR FOUR YEARS MAY ELECT TO RECEIVE A TWENTY PERCENT LUMP SUM PAYMENT OF THE ACTUARIAL EQUIVALENT OF HIS OR HER RETIREMENT ALLOWANCE AT THE TIME OF RETIREMENT.

E. ANY MEMBER WHO FILES FOR RETIREMENT AFTER BEING ELIGIBLE TO RETIRE FOR FIVE YEARS MAY ELECT TO RECEIVE A TWENTY-FIVE PERCENT LUMP SUM PAYMENT OF THE ACTUARIAL EQUIVALENT OF HIS OR HER RETIREMENT ALLOWANCE AT THE TIME OF RETIREMENT.

S 2. This act shall take effect immediately.

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

This bill would allow larger lump sum payments to be made under the Partial Lump Sum (PLS) program for certain members of the New York State and Local Police and Fire Retirement System (PFRS). Currently, PFRS members who are eligible for the PLS program may elect to receive a partial lump sum payment of up to 15% of the present value of their actuarially determined retirement allowance at retirement, and a smaller annual retirement allowance thereafter. This proposal would allow a member who files for service retirement after being eligible to retire for 4 or 5 or more years to be eligible to receive a partial lump sum of up to 20% or 25%, respectively, of the present value of their actuarial-

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

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ly determined retirement allowance, and a smaller annual retirement allowance thereafter.

If this bill is enacted, there would be administrative costs associated with redesigned estimate and option forms. There would not be costs associated with the lump sum payment options since payments would be determined on an actuarially equivalent basis. Should future proposals exceed 25%, further analysis will be necessary to determine whether there may be costs due to adverse selection.

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 March 18, 2013 and intended for use only during the 2013 Legislative Session, is Fiscal Note No. 2013-104, prepared by the Actuary for the New York State and Local Police and Fire Retirement System.