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

9476

I N A S S E M B L Y

May 1, 2014

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

AN ACT to amend the retirement and social security law, in relation to a partial lump sum option at retirement

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

Section 1. The opening paragraph of section 1100 of the retirement and social security law, as added by chapter 735 of the laws of 2006, is amended to read as follows:

Certain eligible members of the New York state and local police and fire retirement system, AND SHERIFFS, UNDERSHERIFFS, DEPUTY SHERIFFS AND CORRECTION OFFICERS EMPLOYED BY THE COUNTY OF NASSAU may elect an optional form of retirement pursuant to the terms of this article that provides for a partial lump sum at retirement with a reduced service retirement allowance as hereinafter provided:

S 2. This act shall take effect immediately.

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

This bill would allow Nassau County sheriffs, undersheriffs, deputy sheriffs and correction officers who file for a service retirement to elect an optional form of retirement which would provide for a partial lump sum payment at retirement, and a smaller annual retirement allowance thereafter. Such lump sum shall not be eligible for any cost of living adjustments. A member who files for service retirement after being eligible to retire for 1, 2, 3, 4 or 5 or more years shall be eligible to receive a partial lump sum of up to 5%, 10%, 15%, 20% or 25%, respectively, of the present value of their actuarially 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 determined whether there may be costs due to adverse selection.

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

LBD14857-03-4

Summary of relevant resources:

The membership data used in measuring the impact of the proposed change was the same as that used in the March 31, 2013 actuarial valuation. Distributions and other statistics can be found in the 2013 Report of the Actuary and the 2013 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2010, 2011, 2012 and 2013 Annual Report to the Comptroller on Actuarial Assumptions, and the Codes Rules and Regulations of the State of New York: Audit and Control.

The Market Assets and GASB Disclosures are found in the March 31, 2013 New York State and Local Retirement System Financial Statements and Supplementary Information.

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 April 29, 2014, and intended for use only during the 2014 Legislative Session, is Fiscal Note No. 2014-115, prepared by the Actuary for the New York State and Local Employees' Retirement System.