STATE OF NEW YORK

8093

2017-2018 Regular Sessions

IN ASSEMBLY

May 25, 2017

Introduced by M. of A. ABBATE -- (at request of the State Comptroller) -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to the maximum amount that certain members of the New York state and local employees' retirement system and the New York state and local police and fire retirement system may borrow against retirement contributions

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Subdivision b of section 517-c of the retirement and social security law, as amended by chapter 18 of the laws of 2012, is amended to read as follows:

b. **1.** A member of the New York state and local employees' retirement system, the New York state and local police and fire retirement system, the New York city employees' retirement system or the New York city board of education retirement system in active service who has credit for at least one year of member service may borrow, no more than once during each twelve month period, an amount not exceeding seventy-five percent of the total contributions made pursuant to section five hundred seventeen of this article (including interest credited at the rate set forth in subdivision c of such section five hundred seventeen compounded annually) and not less than one thousand dollars, provided, however, that the provisions of this section shall not apply to a New York city uniformed correction/sanitation revised plan member or an investigator revised plan member.

2. A member of the New York state and local employees' retirement system who first joins such system on or after January first, two thousand eighteen in active service who has credit for at least one year of member service may borrow, no more than once during each twelve month period, an amount, not less than one thousand dollars and which would not cause the balance owed pursuant to this section, including any

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

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amounts borrowed then outstanding, to exceed (i) fifty percent of the member's total contributions made pursuant to section five hundred seventeen of this article (including interest credited at the rate set forth in subdivision c of such section five hundred seventeen compounded annually); or (ii) fifty thousand dollars, whichever is less.

§ 2. Subdivision b of section 613-b of the retirement and social security law, as added by chapter 920 of the laws of 1990, is amended to read as follows:

b. 1. A member of the New York state and local employees' retirement system, the New York city employees' retirement system or the New York city board of education retirement system in active service who has credit for at least one year of member service may borrow, no more than once during each twelve month period, an amount not exceeding seventy-five percent of the total contributions made pursuant to section six hundred thirteen (including interest credited at the rate set forth in subdivision c of such section six hundred thirteen compounded annually) and not less than one thousand dollars.

2. A member of the New York state and local employees' retirement system who first joins such system on or after January first, two thousand eighteen in active service who has credit for at least one year of member service may borrow, no more than once during each twelve month period, an amount, not less than one thousand dollars and which would not cause the balance owed pursuant to this section, including any amounts borrowed then outstanding, to exceed (i) fifty percent of the member's total contributions made pursuant to section five hundred seventeen of this chapter (including interest credited at the rate set forth in subdivision c of such section five hundred seventeen compounded annually); or (ii) fifty thousand dollars, whichever is less.

§ 3. Subdivision a of section 1207 of the retirement and social security law, as added by chapter 171 of the laws of 2011, is amended to read as follows:

a. 1. Notwithstanding any general, special or local law to the contrary, a member in active service who has credit for at least one year of member service may borrow, no more than once within each twelve month period, an amount not exceeding seventy-five percent of the total contributions made pursuant to section twelve hundred four of this article or any other article of this chapter and not less than one thousand dollars.

2. A member who first joins such system on or after January first, two thousand eighteen in active service who has credit for at least one year of member service may borrow, no more than once during each twelve month period, an amount, not less than one thousand dollars and which would not cause the balance owed pursuant to this section, including any amounts borrowed then outstanding, to exceed (i) fifty percent of the member's total contributions made pursuant to section five hundred seventeen of this chapter (including interest credited at the rate set forth in subdivision c of such section five hundred seventeen compounded annually); or (ii) fifty thousand dollars, whichever is less.

§ 4. This act shall take effect immediately.

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

This bill would limit the member loan amounts of those who first become members of the New York State and Local Employees Retirement System (ERS) or the New York State and Local Police and Fire Retirement System (PFRS) on or after January 1, 2018. The loan amount, including any amounts borrowed then outstanding, may not exceed the lesser of 50% of the member contribution balance and $50,000.

If this bill is enacted, we estimate that there would be a small initial administrative cost to the system to revise publications and member loan processes.

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, 2016 actuarial valuation. Distributions and other statistics can be found in the 2016 Report of the Actuary and the 2016 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2015 and 2016 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, 2016 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 March 9, 2017 and intended for use only during the 2017 Legislative Session, is Fiscal Note No. 2017-73, prepared by the Actuary for the New York State and Local Retirement System.