

# STATE OF NEW YORK

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5593--A

Cal. No. 301

2017-2018 Regular Sessions

## IN SENATE

April 19, 2017

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Introduced by Sens. GOLDEN, AVELLA -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- recommitted to the Committee on Civil Service and Pensions in accordance with Senate Rule 6, sec. 8 -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, passed by Senate and delivered to the Assembly, recalled, vote reconsidered, restored to third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the retirement and social security law, in relation to loans to members of certain retirement systems

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

1 Section 1. Subdivision i of section 517-c of the retirement and social  
2 security law, as amended by chapter 511 of the laws of 2005, is amended  
3 to read as follows:  
4 i. Notwithstanding the provisions of section five hundred sixteen of  
5 this article, whenever a member of such a retirement system, for whom a  
6 loan is outstanding, retires, the retirement allowance payable without  
7 optional modification shall be reduced by a life annuity which is actu-  
8 arially equivalent to the amount of the outstanding loan (all outstand-  
9 ing loans shall continue to accrue interest charges until retirement),  
10 such life annuity being calculated utilizing the interest rate on thirty  
11 year United States treasury bonds as of January first of the calendar  
12 year of the effective date of retirement and the mortality tables for  
13 options available under section five hundred fourteen of this article. A  
14 retiree of the New York city employees' retirement system [~~ex~~], board of  
15 education retirement system of the city of New York, or the New York  
16 state and local employees' retirement system whose benefit has been so  
17 reduced may repay the outstanding balance of the loan at any time. Bene-  
18 fits payable after the repayment of the loan shall not be subject to the  
19 actuarial reduction required by this subdivision.

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

LBD11071-03-8

§ 2. Subdivision i of section 613-b of the retirement and social security law, as amended by chapter 511 of the laws of 2005, is amended to read as follows:

i. Notwithstanding the provisions of subdivision b of section six hundred twelve of this article, whenever a member of such a retirement system, for whom a loan is outstanding, retires, the retirement allowance payable without optional modification shall be reduced by a life annuity which is actuarially equivalent to the amount of the outstanding loan (all outstanding loans shall continue to accrue interest charges until retirement), such life annuity being calculated utilizing the interest rate on thirty year United States treasury bonds as of January first of the calendar year of the effective date of retirement and the mortality tables for options available under section six hundred ten of this article. A retiree of the New York city employees' retirement system ~~[or]~~, board of education retirement system of the city of New York, or the New York state and local employees' retirement system whose benefit has been so reduced may repay the outstanding balance of the loan at any time. Benefits payable after the repayment of the loan shall not be subject to the actuarial reduction required by this subdivision.

§ 3. This act shall take effect immediately.

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

This bill would allow a retiree of the New York State and Local Employees' Retirement System (ERS) to repay the outstanding loan balance determined on the day of retirement, by making a lump sum payment after retirement. Upon receipt of such repayment, the future pension payments of such retirees shall be recalculated to be without actuarial reduction. Currently, member loans must be settled at retirement either by a lump sum payment or by an annual actuarial reduction to the pensions.

If this bill is enacted, there would be a small administrative cost to implement this change.

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, 2017 actuarial valuation. Distributions and other statistics can be found in the 2017 Report of the Actuary and the 2017 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2015, 2016, and 2017 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, 2017 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 January 17, 2018, and intended for use only during the 2018 Legislative Session, is Fiscal Note No. 2018-30, prepared by the Actuary for the New York State and Local Retirement System.