AN ACT to amend the retirement and social security law, in relation to
establishing police and fire retirement provisions; to amend the retirement and social security law and chapter 625 of the laws of 1975, amending the retirement and social security law relating to the extension of temporary rights and benefits, in relation to making the coordinated-escalator retirement plan and the coordinated retirement plan permanent; to amend the civil service law, in relation to extending the expiration of public arbitration of disputes between public employers and employee organizations (Part A); to amend the retirement and social security law and the general municipal law, in relation to persons joining a public retirement system on or after January 1, 2010; and to amend chapter 729 of the laws of 1994 relating to affecting the health insurance benefits and contributions of retired employees of school districts and certain boards, in relation to eliminating the expiration of the provisions thereof (Part B); and to amend the retirement and social security law, the administrative code of the city of New York and the education law, in relation to new entrants to the New York city teachers' retirement system and the New York city board of education retirement system (Part C)

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

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

LBD12149-15-9

S. 26

A. 26

1 Section 1. This act enacts into law legislation relating to retirement for newly hired employees. Each component is wholly contained within a Part identified as Parts A through C. The effective date for each particular provision contained within such Part is set forth in the last
Section 1. The retirement and social security law is amended by adding a new article 22 to read as follows:

ARTICLE 22

POLICE AND FIRE RETIREMENT PROVISIONS

SECTION 1200. DEFINITIONS.

1. APPLICABILITY.
2. VESTING.
3. OVERTIME.
4. MEMBER CONTRIBUTIONS.
5. RECALCULATION OF BENEFITS.
6. CONFLICTING PROVISIONS.

For purposes of this article the terms:

A. "MEMBER" shall mean a person who is employed as a police officer or firefighter by any employer who first joins the retirement system on or after January first, two thousand ten.

B. "RETIREMENT SYSTEM" shall mean the New York State and Local Police and Fire Retirement System.

Notwithstanding any provision of law to the contrary, the provisions of this article shall be applicable to all employees in the retirement system who first joined such system on or after January first, two thousand ten.

A member's final average salary shall be calculated...
IN ACCORDANCE WITH SUCH PROVISIONS OF ARTICLE EIGHT OR ARTICLE ELEVEN OF THIS CHAPTER AS GOVERN THE MEMBER'S BENEFITS, EXCEPT THAT EARNINGS CLASSIFIED AS OVERTIME COMPENSATION IN AN AMOUNT IN EXCESS OF FIFTEEN PERCENT OF A MEMBER'S ANNUAL WAGES NOT CLASSIFIED AS OVERTIME COMPENSATION SHALL BE EXCLUDED FROM SUCH CALCULATION. "OVERTIME COMPENSATION" SHALL MEAN, FOR PURPOSES OF THIS SECTION, COMPENSATION PAID UNDER ANY LAW OR POLICY UNDER WHICH EMPLOYEES ARE PAID AT A RATE GREATER THAN THEIR STANDARD RATE FOR ADDITIONAL HOURS WORKED BEYOND THOSE REQUIRED, INCLUDING COMPENSATION PAID UNDER SECTION ONE HUNDRED THIRTY-FOUR OF THE CIVIL SERVICE LAW AND SECTION NINETY OF THE GENERAL MUNICIPAL LAW.

S 1204. MEMBER CONTRIBUTIONS. MEMBERS WHO ARE SUBJECT TO THE PROVISIONS OF THIS ARTICLE SHALL CONTRIBUTE THREE PERCENT OF ANNUAL WAGES TO THE RETIREMENT SYSTEM IN WHICH THEY HAVE MEMBERSHIP. MEMBERS WHO ARE ENROLLED IN A RETIREMENT PLAN THAT LIMITS THE AMOUNT OF CREDITABLE SERVICE A MEMBER CAN ACCRUE SHALL NOT BE REQUIRED TO MAKE CONTRIBUTIONS PURSUANT TO THIS SECTION AFTER ACCRUING THE MAXIMUM AMOUNT OF SERVICE CREDIT ALLOWED BY THE RETIREMENT PLAN IN WHICH THEY ARE ENROLLED. THE STATE COMPTROLLER SHALL PROMULGATE SUCH REGULATIONS AS MAY BE NECESSARY AND APPROPRIATE WITH RESPECT TO THE DEDUCTION OF SUCH CONTRIBUTION FROM MEMBERS' WAGES AND FOR THE MAINTENANCE OF ANY SPECIAL FUND OR FUNDS WITH RESPECT TO AMOUNTS SO CONTRIBUTED. IN NO WAY SHALL THE MEMBER CONTRIBUTIONS MADE PURSUANT TO THIS SECTION BE USED TO PROVIDE FOR PENSION INCREASES OR ANNUITIES OF ANY KIND.

S 1205. RECALCULATION OF BENEFITS. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, ANY MEMBER WHO HAS JOINED THE RETIREMENT SYSTEM PURSUANT TO THE PROVISIONS OF ARTICLE FOURTEEN OF THIS CHAPTER ON OR AFTER JULY FIRST, TWO THOUSAND NINE MAY ELECT TO HAVE HIS OR HER RETIREMENT BENEFITS
CALCULATED PURSUANT TO THIS ARTICLE BY FILING WITHIN ONE HUNDRED TWENTY DAYS OF THE EFFECTIVE DATE OF THIS SECTION A REQUEST FOR SUCH CALCULATION WITH THE RETIREMENT SYSTEM IN THE FORM AND MANNER PRESCRIBED BY THE STATE COMPTROLLER.

S 1206. CONFLICTING PROVISIONS. EXCEPT AS OTHERWISE PROVIDED IN THIS ARTICLE, OR IN CONFLICT THEREWITH, THE PROVISIONS OF ARTICLE ELEVEN OF THIS CHAPTER, INCLUDING ANY PLAN THAT HAS BEEN ELECTED BY THE EMPLOYER OR IS OTHERWISE APPLICABLE UNDER ARTICLE EIGHT OF THIS CHAPTER SHALL GOVERN THE RETIREMENT BENEFITS PROVIDED UNDER THIS ARTICLE. IN THE EVENT OF ANY CONFLICT BETWEEN THE PROVISIONS OF THIS ARTICLE AND ANY OTHER PROVISION OF LAW, THIS ARTICLE SHALL GOVERN.

S 2. Subdivision c of section 440 of the retirement and social security law, as amended by chapter 63 of the laws of 2007, is amended to read as follows:

c. Notwithstanding any other provision of law, the provisions and limitations of this article shall apply, as may be appropriate, to all police officers and firefighters who last joined a public retirement system of the state or a municipality thereof, on or after July first, nineteen hundred seventy-six, but prior to July first, two thousand nine, AND ALL EMPLOYEES SUBJECT TO THE PROVISIONS OF ARTICLE TWENTY-TWO OF THIS CHAPTER; PROVIDED, HOWEVER, THAT IN THE CASE OF A CONFLICT BETWEEN THE PROVISIONS OF THIS ARTICLE AND ARTICLE TWENTY-TWO OF THIS CHAPTER, THE PROVISIONS OF ARTICLE TWENTY-TWO SHALL BE CONTROLLING.

S 3. Intentionally omitted.

S 4. Section 470 of the retirement and social security law, as amended by chapter 79 of the laws of 2009, is amended to read as follows:

S 470. Temporary suspension of retirement negotiations. [Until July first, two thousand eleven, changes] CHANGES negotiated between any public employer and public employee, as such terms are defined in section two hundred one of the civil service law, with respect to any
benefit provided by or to be provided by a public retirement system, or
payments to a fund or insurer to provide an income for retirees or
payment to retirees or their beneficiaries, shall be prohibited.
[Thereafter, such changes shall be made only pursuant to negotiations between
public employers and public employees conducted on a coalition basis
pursuant to the provisions of this article; provided, however, any such
changes not requiring approval by act of the legislature may be imple-
mented prior to July first, two thousand eleven, if negotiated as a
result of collective bargaining authorized by section six of chapter six
hundred twenty-five of the laws of nineteen hundred seventy-five.]

S 5. Section 480 of the retirement and social security law, as amended
by chapter 79 of the laws of 2009, is amended to read as follows:

S. 480. Extension of temporary benefits and supplementation programs.
a. Every temporary right, privilege or benefit conferred pursuant to
the provisions of a general, special or local law (other than pursuant
to articles fourteen and fifteen of this chapter) for any member of a
public retirement system or pension plan funded by the state or one of
its political subdivisions, which is scheduled to expire or terminate at
any time during nineteen hundred seventy-four, nineteen hundred seventy-five,
nineteen hundred seventy-six, nineteen hundred seventy-seven,
nineteen hundred seventy-eight, nineteen hundred seventy-nine,
nineteen hundred eighty, nineteen hundred eighty-one, nineteen hundred eighty-two, nineteen hundred eighty-three, nineteen hundred eighty-four, nineteen hundred eighty-five, nineteen hundred eighty-six, nineteen hundred eighty-seven, nineteen hundred eighty-eight, nineteen hundred eighty-nine, nineteen hundred ninety, nineteen hundred ninety-one, nineteen hundred ninety-two, nineteen hundred ninety-three, nineteen hundred ninety-four, nineteen hundred ninety-five, nineteen hundred ninety-six, nineteen hundred ninety-seven, nineteen hundred ninety-eight, nineteen hundred ninety-nine, two thousand.
16 ninety-four, nineteen hundred ninety-five, nineteen hundred ninety-six,
17 nineteen hundred ninety-seven, nineteen hundred ninety-eight, nineteen
18 hundred ninety-nine, two thousand, two thousand one, two thousand two,
19 two thousand three, two thousand four, two thousand five, two thousand
20 six, two thousand seven, two thousand eight, two thousand nine, two
21 thousand ten or two thousand eleven, is hereby extended [until July
22 first, two thousand eleven], notwithstanding the provisions of such
23 general, special or local law. Notwithstanding the foregoing, nothing
24 in this section shall be construed to extend the provisions of article
25 eighteen of this chapter or to affect any statutory deadlines provided
26 in such article.
27 b. (i) Any program under which an employer in a public retirement
28 system funded by the state or one of its political subdivisions assumes
29 all or part of the contribution which would otherwise be made by its
30 employees toward retirement, which expires or terminates during nineteen
31 hundred seventy-four, is hereby extended [until July first, two thousand
32 eleven], notwithstanding the provisions of any other general, special or
33 local law, except that commencing with the payroll period the first day
34 of which is nearest to January first, nineteen hundred seventy-six[, and
35 until July first, two thousand eleven], the rate of such contribution
36 assumed by an employer in any of the public retirement systems funded
37 and maintained by a city, shall be one-half the rate of such contrib-
38 ution assumed by such employer for the immediately preceding payroll
39 period except as provided in paragraph (ii) of this subdivision.
40 (ii) Commencing with the first payroll period the first day of which
41 is subsequent to October first, two thousand [and until July first, two
42 thousand eleven], the rate of such contribution assumed by an employer
43 in the New York city police pension fund and in the New York city fire
44 department pension fund shall be equal to the rate of such contributions
assumed by such employer for the payroll period preceding January first,

nineteen hundred seventy-six.

c. All supplemental retirement allowances or supplemental pensions paid to pensioners or beneficiaries of any retirement system supported in whole or in part by the state or a political subdivision thereof, which are scheduled to expire at any time during nineteen hundred seventy-five, nineteen hundred seventy-six, nineteen hundred seventy-seven, nineteen hundred seventy-eight, nineteen hundred seventy-nine, nineteen hundred eighty, nineteen hundred eighty-one, nineteen hundred eighty-two, nineteen hundred eighty-three, nineteen hundred eighty-four, nineteen hundred eighty-five, nineteen hundred eighty-six, nineteen hundred eighty-seven, nineteen hundred eighty-eight, nineteen hundred eighty-nine, nineteen hundred ninety, nineteen hundred ninety-one, nineteen hundred ninety-two, nineteen hundred ninety-three, nineteen hundred ninety-four, nineteen hundred ninety-five, nineteen hundred ninety-six, nineteen hundred ninety-seven, nineteen hundred ninety-eight, nineteen hundred ninety-nine, two thousand one, two thousand two, two thousand three, two thousand four, two thousand five, two thousand six, two thousand seven, two thousand eight, two thousand nine, two thousand ten or two thousand eleven, shall be continued [for an additional year] notwithstanding any other provision of any general, special or local law provided, however, that all such supplemental retirement allowances or supplemental pensions which are scheduled to expire at any time during two thousand nine shall be continued [for two additional years] notwithstanding any other provisions of any general, special or local law.

S 6. Section 615 of the retirement and social security law, as amended by chapter 79 of the laws of 2009, is amended to read as follows:
S 615. Duration. Notwithstanding any other provisions of this chapter or of any other law, the provisions of article fourteen of this chapter shall [expire on June thirtieth, two thousand eleven, but shall] no longer apply to members to whom this article applies on the date article fifteen of this chapter becomes effective, provided, however, any member who has retired pursuant to the provisions of article fourteen of this chapter before the effective date of this article or any beneficiary of such a member or a beneficiary of a member who dies before the effective date of this article and who is entitled to a death benefit pursuant to article fourteen of this chapter shall receive such benefits pursuant to the provisions of article fourteen of this chapter, except as provided pursuant to the provisions of section six hundred seventeen of this article. [All benefits provided by a public retirement system of the state shall continue with respect to members to which this article is applicable only until June thirtieth, two thousand eleven.]

S 7. Section 6 of chapter 625 of the laws of 1975, amending the retirement and social security law relating to the extension of temporary rights and benefits, as amended by chapter 79 of the laws of 2009, is amended to read as follows:

S 6. Notwithstanding any inconsistent provisions of this act or of any general, special or local law, on and after July 1, 1975 [and up to and including June 30, 2011]: (a) a participating employer in the New York state and local employees' retirement system or the New York state and local police and fire retirement system and its employees shall continue to have the right to negotiate with respect to any benefit provided by such system and not requiring approval by act of the legislature; and (b) a public authority or public benefit corporation which is not a participating employer in the New York state and local employees' retirement system shall be entitled to negotiate with respect to any benefit provided by such public authority or public benefit corporation and not requiring approval by act of the legislature.
system or the New York city employees' retirement system shall continue to have the right to negotiate with its employees with respect to benefits to be provided by such employer to such employees upon retirement and not requiring approval by act of the legislature.

S 8. Notwithstanding any provision of law to the contrary, nothing in this act shall limit the eligibility of any member of an employee organization to join a special retirement plan open to him or her pursuant to a collectively negotiated agreement with any state or local government employer, where such agreement is in effect on the effective date of this act and so long as such agreement remains in effect thereafter; provided, however, that any such eligibility shall not apply upon termination of such agreement for employees otherwise subject to the provisions of article twenty-two of the retirement and social security law.

S 9. Paragraph (d) of subdivision 4 of section 209 of the civil service law, as amended by chapter 28 of the laws of 2009, is amended to read as follows:

(d) The provisions of this subdivision shall expire [thirty-four] thirty-six years from July first, nineteen hundred seventy-seven, AND HEREAFTER MAY BE RENEWED EVERY FOUR YEARS.

S 9-a. Subdivision c of section 500 of the retirement and social security law, as added by chapter 890 of the laws of 1976, is amended to read as follows:

c. If the comptroller certifies that the contribution rate under this article for any participating employer who is participating on the effective date hereof would be at least one percent higher than the rate which would be applicable to such employer for an employee who is subject to article eleven of this chapter and who was hired prior to July first, nineteen hundred seventy-six, the provisions of this article...
shall not apply with respect to such participating employer, PROVIDED,
HOWEVER THAT MEMBERS WHO FIRST JOIN THE NEW YORK STATE AND LOCAL
POLICE AND FIRE RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST, TWO
THOUSAND TEN SHALL NOT BE SUBJECT TO THE PROVISIONS OF THIS ARTICLE. In such
event, the provisions of article eleven AND ARTICLE TWENTY-TWO OF THIS
CHAPTER shall continue to be applicable to such participating employer and its
employees, as provided in section four hundred fifty-one of this chap-
ter. If, as a result of actuarial experience, such employer's contrib-
tion rate should increase to the extent that it is not at least one
percent lower than the contribution rate under this article, then, upon
certification of such fact by the comptroller, the provisions of this
subdivision shall no longer apply with respect to the employees of such
employer who thereafter first join or rejoin a public retirement system.
S 10. This act shall take effect on the thirtieth day after it shall
have become a law.

PART B

Section 1. Subdivision 24 of section 501 of the retirement and social
security law, as amended by chapter 891 of the laws of 1976, is amened
to read as follows:
24. "Wages" shall mean regular compensation earned by and paid to a
member by a public employer, EXCEPT THAT FOR MEMBERS WHO FIRST
JOIN THE STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER JANUARY
FIRST, TWO THOUSAND TEN, OVERTIME COMPENSATION PAID IN ANY YEAR IN EXCESS OF
THE OVERTIME CEILING, AS DEFINED BY THIS SUBDIVISION, SHALL NOT BE
INCLUDED IN THE DEFINITION OF WAGES. "OVERTIME COMPENSATION" SHALL
MEAN, FOR PURPOSES OF THIS SECTION, COMPENSATION PAID UNDER ANY LAW OR
POLICY UNDER WHICH EMPLOYEES ARE PAID AT A RATE GREATER THAN THEIR STAN-
DARD RATE FOR ADDITIONAL HOURS WORKED BEYOND THOSE REQUIRED, INCLUDING
COMPENSATION PAID UNDER SECTION ONE HUNDRED THIRTY-FOUR OF THE CIVIL
SERVICE LAW AND SECTION NINETY OF THE GENERAL MUNICIPAL LAW.

THE "OVER-TIME CEILING" SHALL MEAN FIFTEEN THOUSAND DOLLARS PER ANNUM ON JANUARY FIRST, TWO THOUSAND TEN, AND SHALL BE INCREASED BY THREE PERCENT EACH YEAR THEREAFTER. For the purpose of calculation a member's primary federal social security retirement or disability benefit, wages shall, in any calendar year, be limited to the portion of the member's wages which would be subject to tax under section three thousand one hundred twenty-one of the internal revenue code of nineteen hundred fifty-four, or any predecessor or successor provision relating thereto, if such member was employed by a private employer.

S 2. Subdivisions a and b of section 502 of the retirement and social security law, as amended by chapter 389 of the laws of 1998, are amended to read as follows:

a. A member who first joins a public retirement system of this state on or after June thirtieth, nineteen hundred seventy-six shall not be eligible for service retirement benefits hereunder until such member has rendered a minimum of five years of creditable service after July first, nineteen hundred seventy-three, except that a member who first joins the New York State and Local Employees' Retirement System on or after January first, two thousand ten shall not be eligible for service retirement benefits pursuant to this article until such member has rendered a minimum of ten years of credited service.

b. A member who previously was a member of a public retirement system of this state shall not be eligible for service retirement benefits hereunder until such member has rendered a minimum of five years of service which is creditable pursuant to section five hundred thirteen of this article. A member who first joins the New York State and Local Employees' Retirement System on or after January first, two thousand ten
S 3. Subdivision c of section 504 of the retirement and social security law, as amended by chapter 174 of the laws of 1989, is amended to read as follows:

c. The early service retirement benefit for general members, except for general members whose early retirement benefit is specified in subdivision d of this section, shall be the service retirement benefit specified in subdivision a or b of this section, as the case may be, without social security offset, reduced by one-fifteenth for each of the first two years by which early retirement precedes age sixty-two, plus a further reduction of: (1) one-thirtieth; OR (2) ONE-TWENTIETH FOR MEMBERS WHO FIRST JOIN THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST, TWO THOUSAND TEN, for each year by which early retirement precedes age sixty-two. At age sixty-two, the benefit shall be reduced by fifty percent of the primary social security retirement benefit, as provided in section five hundred eleven of this article.

S 4. Subdivision a of section 516 of the retirement and social security law, as amended by chapter 389 of the laws of 1998, is amended to read as follows:
a. A member who has five or more years of credited service OR TEN OR MORE YEARS OF CREDITED SERVICE FOR MEMBERS WHO FIRST JOIN THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST, TWO THOUSAND TEN upon termination of employment shall be entitled to a deferred vested benefit as provided herein.

S 5. Subdivision l of section 601 of the retirement and social security law, as added by chapter 414 of the laws of 1983, is amended to read as follows:
l. "Wages" shall mean regular compensation earned by and paid to a
52 member by a public employer, EXCEPT THAT FOR MEMBERS WHO FIRST JOIN THE
53 NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM OR THE
54 NEW YORK STATE TEACHERS' RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST,
55 TWO THOUSAND TEN, OVERTIME COMPENSATION PAID IN ANY YEAR IN EXCESS OF
56 THE OVER-TIME CEILING, AS DEFINED BY THIS SUBDIVISION, SHALL NOT BE
INCLUDED IN
S. 26 A. 26

1 THE DEFINITION OF WAGES. "OVERTIME COMPENSATION" SHALL MEAN, FOR
2 PURPOSES OF THIS SECTION, COMPENSATION PAID UNDER ANY LAW OR POLICY
3 UNDER WHICH EMPLOYEES ARE PAID AT A RATE GREATER THAN THEIR STANDARD
4 RATE FOR ADDITIONAL HOURS WORKED BEYOND THOSE REQUIRED, INCLUDING
5 COMPENSATION PAID UNDER SECTION ONE HUNDRED THIRTY-FOUR OF THE
6 CIVIL SERVICE LAW AND SECTION NINETY OF THE GENERAL MUNICIPAL LAW.
THE "OVER-
7 TIME CEILING" SHALL MEAN FIFTEEN THOUSAND DOLLARS PER ANNUM ON JANUARY
8 FIRST, TWO THOUSAND TEN, AND SHALL BE INCREASED BY THREE PER CENT EACH
9 YEAR THEREAFTER.
10 S 6. Subdivisions a and b of section 602 of the retirement and social
11 security law, as amended by chapter 389 of the laws of 1998, are amended
12 to read as follows:
13 a. A member who first joins a public retirement system of this state
14 on or after July first, nineteen hundred seventy-six shall not be eligi-
15 ble for service retirement benefits hereunder until such member has
16 rendered a minimum of five years of credited service, EXCEPT THAT A
17 MEMBER WHO FIRST JOINS THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIRE-
18 MENT SYSTEM OR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM ON OR
19 AFTER JANUARY FIRST, TWO THOUSAND TEN SHALL NOT BE ELIGIBLE FOR SERVICE
20 RETIREMENT BENEFITS PURSUANT TO THIS ARTICLE UNTIL SUCH MEMBER HAS
21 RENDERED A MINIMUM OF TEN YEARS OF CREDITED SERVICE.
22 b. A member who previously was a member of a public retirement system
23 of this state shall not be eligible for service retirement benefits
hereunder until such member has rendered a minimum of five years of service which is credited pursuant to section six hundred nine of this article. A MEMBER WHO FIRST JOINS THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM OR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST, TWO THOUSAND TEN SHALL NOT BE ELIGIBLE FOR SERVICE RETIREMENT BENEFITS PURSUANT TO THIS ARTICLE UNTIL SUCH MEMBER HAS RENDERED A MINIMUM OF TEN YEARS OF CREDITED SERVICE.

S 7. Subdivision a of section 603 of the retirement and social security law, as amended by section 3 of chapter 19 of the laws of 2008, is amended to read as follows:

a. The service retirement benefit specified in section six hundred four of this article shall be payable to members who have met the minimum service requirements upon retirement and attainment of age sixty-two, other than members who are eligible for early service retirement pursuant to subdivision c of section six hundred four-b of this article, subdivision c of section six hundred four-c of this article, subdivision d of section six hundred four-d of this article, subdivision c of section six hundred four-e of this article, subdivision c of section six hundred four-f of this article, subdivision c of section six hundred four-g of this article, subdivision c of section six hundred four-h of this article or subdivision c of section six hundred four-i of this article, provided, however, [a member who is a peace officer employed by the unified court system or] a member of a teachers' retirement system or the New York state and local employees' retirement system WHO FIRST JOINS SUCH SYSTEM BEFORE JANUARY FIRST, TWO THOUSAND TEN OR A MEMBER WHO IS A UNIFORMED COURT OFFICER OR PEACE OFFICER EMPLOYED BY THE UNIFIED COURT SYSTEM may retire without reduction of his or her retirement benefit upon attainment of at least fifty-five years of age and completion of thirty or more years of service, PROVIDED, HOWEVER, THAT A UNIFORMED
53 COURT OFFICER OR PEACE OFFICER EMPLOYED BY THE UNIFIED COURT
SYSTEM WHO
54 FIRST BECOMES A MEMBER OF THE NEW YORK STATE AND LOCAL
EMPLOYEES'
55 RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST, TWO THOUSAND
TEN AND
56 RETIRES WITHOUT REDUCTION OF HIS OR HER RETIREMENT BENEFIT UPON
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S. 26
S. 26
A. 26

1 MENT OF AT LEAST FIFTY-FIVE YEARS OF AGE AND COMPLETION OF
THIRTY OR
2 MORE YEARS OF SERVICE PURSUANT TO THIS SECTION SHALL BE REQUIRED
TO MAKE
3 THE MEMBER CONTRIBUTIONS REQUIRED BY SUBDIVISION F OF
SECTION SIX
4 HUNDRED THIRTEEN OF THIS ARTICLE FOR ALL YEARS OF CREDITED AND
CREDITA-
5 BLE SERVICE.
6 § 8. Subdivision i of section 603 of the retirement and social
securi-
7 ty law, as amended by chapter 19 of the laws of 2008, is amended
to read
8 as follows:
9 i. 1. A member of a teachers' retirement system or the New
York state
10 and local employees' retirement system who has met the minimum
service
11 requirements but who has less than thirty years of credited
service OR A
12 MEMBER WHO FIRSTJOINS THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIRE-
13 MENT SYSTEM OR THE NEW YORK STATE TEACHERS' RETIREMENT
SYSTEM ON OR
14 AFTER JANUARY FIRST, TWO THOUSAND TEN may retire prior to normal
retire-
15 ment age, but no earlier than attainment of age fifty-five, in which
event, unless such person is a member of the New York city
teachers'
17 retirement system who is otherwise eligible for early service
retirement
18 pursuant to subdivision c of section six hundred four-i of this
article,
19 the amount of his or her retirement benefit otherwise computed
without
20 optional modification shall be reduced in accordance with the
following
21 schedule:
22 (i) for each of the first twenty-four full months that retirement
23 predates age sixty-two, one-half of one per centum per month;
PROVIDED,
24 HOWEVER, THAT FOR MEMBERS WHO FIRST JOIN THE NEW YORK STATE AND LOCAL
25 EMPLOYEES' RETIREMENT SYSTEM OR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST, TWO THOUSAND TEN, SUCH AMOUNTS SHALL BE EQUAL TO ONE-FIFTEENTH PER YEAR; and (ii) for each full month that retirement predates age sixty, one-quar-
s 29 ter of one per centum per month; PROVIDED, HOWEVER, THAT FOR MEMBERS WHO FIRST JOIN THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM OR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST, TWO THOUSAND TEN, SUCH AMOUNTS SHALL BE EQUAL TO ONE-TWENTIETH PER YEAR, but in no event shall retirement be permitted prior to attain-
ment of age fifty-five.  
2. A member of the New York city employees' retirement system or the board of education retirement system of the city of New York who has met the minimum service requirement, but who is not (a) a participant in the twenty-five-year early retirement program, as defined in paragraph ten of subdivision a of section six hundred four-c of this article (as added by chapter ninety-six of the laws of nineteen hundred ninety-five), or (b) a participant in the age fifty-seven retirement program, as defined in paragraph three of subdivision b of section six hundred four-d of this article, or (c) a New York city transit authority member, as defined in paragraph one of subdivision a of section six hundred four-b of this article, may retire prior to normal retirement age, but no earlier than attainment of age fifty-five, in which event, unless such person is a member of the board of education retirement system of such city who is otherwise eligible for early service retirement pursuant to subdivision c of section six hundred four-i of this article, the amount of his or her retirement benefit computed without optional modification shall be reduced in accordance with the following schedule: (i) for each of the first twenty-four full months that retirement predates age sixty-two, one-half of one per centum per month; and (ii) for each full month that retirement predates age sixty, one-quar-
55  er of one per centum per month, but in no event shall retirement be
56 permitted prior to attainment of age fifty-five.
S. 26
A. 26

1 S 8-a. Section 603 of the retirement and social
2 security law is
3 amended by adding a new subdivision t to read as follows:
4 T. MEMBERS WHO JOIN THE NEW YORK STATE TEACHERS' RETIREMENT
SYSTEM ON
5 OR AFTER JANUARY FIRST, TWO THOUSAND TEN, SHALL BE ELIGIBLE TO
RETIRE
5 WITHOUT REDUCTION OF HIS OR HER RETIREMENT BENEFIT UPON
ATTAINMENT OF AT
6 LEAST FIFTY-SEVEN YEARS OF AGE AND COMPLETION OF THIRTY OR MORE
YEARS OF
7 SERVICE. MEMBERS WHO RETIRE PURSUANT TO THE PROVISIONS OF THIS
SUBDIVI-
8 SION SHALL BE REQUIRED TO MAKE THE MEMBER CONTRIBUTIONS
REQUIRED BY
9 SUBDIVISION G OF SECTION SIX HUNDRED THIRTEEN OF THIS ARTICLE
FOR ALL
10 YEARS OF CREDITED AND CREDITABLE SERVICE.
11 S 8-b. Subdivisions a and b of section 604 of the
retirement and
12 social security law, as amended by chapter 266 of the laws of
1998, are
13 amended to read as follows:
14 a. The service retirement benefit at normal retirement age
for a
15 member with less than twenty years of credited service, OR
LESS THAN
16 TWO-FIFTY YEARS CREDITED SERVICE FOR A MEMBER WHO JOINS THE
NEW YORK
17 STATE TEACHERS' RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST,
TWO THOU-
18 SAND TEN, shall be a retirement allowance equal to one-sixtieth
of final
19 average salary times years of credited service.
20 b. The service retirement benefit at normal retirement age
for a
21 member with twenty years or more of credited service, OR
WITH
22 TWO-FIVE OR MORE YEARS CREDITED SERVICE FOR A MEMBER WHO
FIRST JOINS
23 THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM ON OR AFTER
JANUARY
24 FIRST, TWO THOUSAND TEN, shall be a retirement allowance equal
to one-
25 fiftieth of final average salary times years of credited
service not in
26 excess of thirty years.
27 S 8-c. Paragraph 2 of subdivision b of section 609 of the
retirement
28 and social security law, as added by chapter 414 of the laws of
1983, is
amended to read as follows:

2. Previous service credit shall not be granted unless such member applies therefor and repays the amount refunded by a public retirement system of the state for service rendered after July first, nineteen hundred seventy-six together with interest through the date of repayment at the rate of five percent per annum compounded annually and three percent of the wages earned for service prior to that date together with interest from July first, nineteen hundred seventy-six through the date of payment at the rate of five percent per annum compounded annually and three percent of the wages earned for service which predates the date of entry into the retirement system together with interest at the rate of five percent per annum compounded annually from the date of such service until the date of payment. ANYTHING IN THIS PARAGRAPH TO THE CONTRARY NOTWITHSTANDING, IN ORDER TO OBTAIN CREDIT FOR PREVIOUS SERVICE, MEMBERS WHO FIRST JOIN THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST, TWO THOUSAND TEN SHALL PAY THREE AND ONE-HALF PERCENT OF WAGES EARNED FOR SERVICE WHICH PREDATES THE DATE OF ENTRY INTO THE RETIREMENT SYSTEM TOGETHER WITH INTEREST AT THE RATE OF FIVE PERCENT PER ANNUM COMPOUNDED ANNUALLY FROM THE DATE OF SUCH SERVICE UNTIL THE DATE OF PAYMENT.

S 9. Subdivision a of section 612 of the retirement and social security law, as amended by chapter 659 of the laws of 1999, is amended to read as follows:

a. A member who has five or more years of credited service, OR TEN OR MORE YEARS OF CREDITED SERVICE FOR A MEMBER WHO FIRST JOINED THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM OR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST, TWO THOUSAND TEN, upon termination of employment, other than a member who is entitled to a
deferred vested benefit pursuant to any other provision of this article, shall be entitled to a deferred vested benefit at normal retirement age computed in accordance with the provisions of section six hundred four of this article. A member of a teachers' retirement system or the New York state and local employees' retirement system who has five or more years of credited service, OR TEN OR MORE YEARS OF CREDITED SERVICE FOR A MEMBER WHO FIRST BECOMES A MEMBER OF THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM OR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST, TWO THOUSAND TEN, upon termination of employment shall be entitled to a deferred vested benefit prior to normal retirement age, but no earlier than age fifty-five, computed in accordance with the provisions of subdivision i of section six hundred three of this article.

S 9-a. Section 613 of the retirement and social security law is amended by adding two new subdivisions f and g to read as follows:

F. ANYTHING IN SUBDIVISION A OF THIS SECTION TO THE CONTRARY NOTWITHSTANDING A MEMBER EMPLOYED AS A UNIFORMED COURT OFFICER OR PEACE OFFICER IN THE UNIFIED COURT SYSTEM WHO FIRST JOINS THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST, TWO THOUSAND TEN SHALL CONTRIBUTE FOUR PERCENT OF ANNUAL WAGES TO THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM. THE HEAD OF THE NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM SHALL PROMULGATE SUCH REGULATIONS AS MAY BE NECESSARY AND APPROPRIATE WITH RESPECT TO THE DEDUCTION OF SUCH CONTRIBUTION FROM MEMBERS' WAGES AND FOR THE MAINTENANCE OF ANY SPECIAL FUND OR FUNDS WITH RESPECT TO AMOUNTS SO CONTRIBUTED.

G. MEMBERS WHO FIRST JOIN THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM ON OR AFTER JANUARY FIRST, TWO THOUSAND TEN SHALL CONTRIBUTE THREE AND ONE-HALF PERCENT OF ANNUAL WAGES TO THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM. THE HEAD OF THE NEW YORK STATE TEACHERS' RETIRE-
MENT SYSTEM SHALL PROMULGATE SUCH REGULATIONS AS MAY BE NECESSARY AND
APPROPRIATE WITH RESPECT TO THE DEDUCTION OF SUCH CONTRIBUTION FROM MEMBERS' WAGES AND FOR THE MAINTENANCE OF ANY SPECIAL FUND OR FUNDS WITH
RESPECT TO AMOUNTS SO CONTRIBUTED.

S 10. Paragraph 1 of subdivision b of section 902 of the retirement and social security law, as amended by chapter 110 of the laws of 2000, is amended to read as follows:
1. An eligible employee (i) with a date of membership in a retirement system on or after July twenty-seventh, nineteen hundred seventy-six AND BEFORE JANUARY FIRST, TWO THOUSAND TEN, and (ii) who has ten or more years of membership or ten or more years of credited service with a retirement system under the provisions of article fourteen or fifteen of this chapter shall not be required to contribute to a retirement system pursuant to section five hundred seventeen or six hundred thirteen of this chapter as of the cessation date.

S 11. Intentionally omitted.
S 12. Intentionally omitted.
S 13. Section 90 of the general municipal law, as amended by chapter 576 of the laws of 1964, is amended to read as follows:
S 90. Payment of overtime compensation to public officers or employ- ees. The governing board of each municipal corporation or other civil division or political subdivision of the state, or in the city of New York, the mayor, by ordinance, local law, resolution, order or rule, may provide for the payment of overtime compensation to any or all public officers except elective officers and those officers otherwise excluded by law and to any or all public employees under their jurisdiction at the regular basic pay rate of such officers or employees for all time.

Such officers or employees are required to work in excess of their regular established hours of employment or at such other rate as such governing board, or in the city of New York, the mayor, may authorize.
The amounts received as overtime compensation under this section shall be regarded as salary or compensation for any of the purposes of any pension or retirement system of which the officer or employee receiving the same is a member, EXCEPT AS SET FORTH IN SECTIONS FIVE HUNDRED ONE, SIX HUNDRED ONE, AND TWELVE HUNDRED THREE OF THE RETIREMENT AND SOCIAL SECURITY LAW. Such overtime compensation shall not be regarded as salary or compensation for the purpose of determining the right to any increase of salary or any salary increment on account of length of service or otherwise. No such overtime compensation shall be construed to constitute a promotion.

Section 1 of chapter 729 of the laws of 1994 relating to affecting the health insurance benefits and contributions of retired employees of school districts and certain boards, as amended by chapter 30 of the laws of 2009, is amended to read as follows:

Section 1. From on and after June 30, 1994 [until May 15, 2010,] a school district, board of cooperative educational services, vocational education and extension board or a school district as enumerated in section 1 of chapter 566 of the laws of 1967, as amended, shall be prohibited from diminishing the health insurance benefits provided to retirees and their dependents or the contributions such board or district makes for such health insurance coverage below the level of such benefits or contributions made on behalf of such retirees and their dependents by such district or board unless a corresponding diminution of benefits or contributions is effected from the present level during this period by such district or board from the corresponding group of active employees for such retirees.

Legislative intent. The legislature hereby finds and declares its intent, in addition to the retirement benefit changes provided for in this act, to enact legislation, in conjunction with the executive, which would offer a three-month period during calendar year 2010, during
which members of the collective bargaining unit of the New York State United Teachers ("NYSUT") within the New York state teachers retirement system and the New York state and local employees' retirement system who have reached fifty-five years of age and have accumulated twenty-five years of service as a member of either such retirement system, may retire early without penalty.

This act shall take effect January 1, 2010; provided, however, that the amendments to subdivision a of section 603 of the retirement and social security law made by section seven of this act, shall not affect the expiration of such subdivision and shall be deemed to expire therewith.

PART C

Section 1. Subdivisions a and b of section 602 of the retirement and social security law, as amended by chapter 389 of the laws of 1998, are amended to read as follows:

a. [A] EXCEPT AS PROVIDED IN SUBDIVISION B-1 OF THIS SECTION, a member who first joins a public retirement system of this state on or after July first, nineteen hundred seventy-six shall not be eligible for service retirement benefits hereunder until such member has rendered a minimum of five years of credited service.

b. [A] EXCEPT AS PROVIDED IN SUBDIVISION B-1 OF THIS SECTION, a member who previously was a member of a public retirement system of this state shall not be eligible for service retirement benefits hereunder until such member has rendered a minimum of five years of service which is credited pursuant to section six hundred nine of this article.

S. 2. Section 602 of the retirement and social security law is amended by adding a new subdivision b-1 to read as follows:

B-1. NOTWITHSTANDING THE PROVISIONS OF SUBDIVISION A OR B OF THIS SECTION OR ANY OTHER PROVISION OF LAW TO THE CONTRARY, (I) A MEMBER OF...
THE NEW YORK CITY TEACHERS' RETIREMENT SYSTEM WHO HOLDS A POSITION REPRESENTED BY THE RECOGNIZED TEACHER ORGANIZATION FOR COLLECTIVE BARGAINING PURPOSES, AND WHO BECAME SUBJECT TO THE PROVISIONS OF THIS ARTICLE AFTER THE EFFECTIVE DATE OF THIS SUBDIVISION, OR (II) A MEMBER OF THE NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM WHO HOLDS A POSITION REPRESENTED BY THE RECOGNIZED TEACHER ORGANIZATION FOR COLLECTIVE BARGAINING PURPOSES, AND WHO BECAME SUBJECT TO THE PROVISIONS OF THIS ARTICLE AFTER THE EFFECTIVE DATE OF THIS SUBDIVISION, SHALL NOT BE ELIGIBLE FOR SERVICE RETIREMENT BENEFITS HEREUNDER UNTIL SUCH MEMBER HAS RENDERED A MINIMUM OF TEN YEARS OF CREDITED SERVICE.

S 3. Subdivision a of section 612 of the retirement and social security law, as amended by chapter 659 of the laws of 1999, is amended to read follows:

a. [A] EXCEPT AS PROVIDED IN SUBDIVISION A-1 OF THIS SECTION, A member who has five or more years of credited service upon termination of employment, other than a member who is entitled to a deferred vested benefit pursuant to any other provision of this article, shall be entitled to a deferred vested benefit at normal retirement age computed in accordance with the provisions of section six hundred four of this article. [A] EXCEPT AS PROVIDED IN SUBDIVISION A-1 OF THIS SECTION, A member of a teachers' retirement system or the New York state and local employees' retirement system who has five or more years of credited service upon termination of employment shall be entitled to a deferred vested benefit prior to normal retirement age, but no earlier than age fifty-five, computed in accordance with the provisions of subdivision i of section six hundred three of this article.

S 4. Section 612 of the retirement and social security law is amended by adding a new subdivision a-1 to read as follows:

A-1. NOTWITHSTANDING THE PROVISIONS OF SUBDIVISION A OF THIS SECTION OR ANY OTHER PROVISION OF LAW TO THE CONTRARY, (I) A MEMBER OF THE NEW
40 YORK CITY TEACHERS' RETIREMENT SYSTEM WHO HOLDS A POSITION REPRESENTED
41 BY THE RECOGNIZED TEACHER ORGANIZATION FOR COLLECTIVE
42 BARGAINING, WHO BECAME SUBJECT TO THE PROVISIONS OF THIS ARTICLE
43 AFTER THE
44 EFFECTIVE DATE OF THIS SUBDIVISION, AND WHO HAS TEN OR MORE
45 YEARS OF
46 CREDITED SERVICE, OR (II) A MEMBER OF THE NEW YORK CITY BOARD
47 OF EDUCATION RETIREMENT SYSTEM WHO HOLDS A POSITION REPRESENTED BY THE
48 RECOGNIZED TEACHER ORGANIZATION FOR COLLECTIVE BARGAINING
49 PURPOSES, WHO
50 BECAME SUBJECT TO THE PROVISIONS OF THIS ARTICLE AFTER THE
51 EFFECTIVE
52 DATE OF THIS SUBDIVISION, AND WHO HAS TEN OR MORE YEARS OF
53 CREDITED
54 SERVICE, OTHER THAN SUCH A MEMBER OF EITHER OF SUCH RETIREMENT
55 SYSTEMS
56 WHO IS ENTITLED TO A DEFERRED VESTED BENEFIT PURSUANT TO
57 ANY OTHER
58 PROVISION OF THIS ARTICLE, SHALL, UPON TERMINATION OF
59 EMPLOYMENT, BE
60 ENTITLED TO A DEFERRED VESTED BENEFIT AT NORMAL RETIREMENT AGE
61 COMPUTED
62 IN ACCORDANCE WITH THE PROVISIONS OF SECTION SIX HUNDRED FOUR
63 OF THIS
64 ARTICLE. NOTWITHSTANDING THE PROVISIONS OF SUBDIVISION A
65 OF THIS
66 SECTION OR ANY OTHER PROVISION OF LAW TO THE CONTRARY, A MEMBER
67 OF THE
68 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM WHO HOLDS A POSITION
69 REPRESENTED
70 BY THE RECOGNIZED TEACHER ORGANIZATION FOR COLLECTIVE
71 BARGAINING
72 PURPOSES, WHO BECAME SUBJECT TO THE PROVISIONS OF THIS ARTICLE
73 AFTER THE
74 EFFECTIVE DATE OF THIS SUBDIVISION, AND WHO HAS TEN OR MORE
75 YEARS OF
76 CREDITED SERVICE, SHALL, UPON TERMINATION OF EMPLOYMENT, BE
77 ENTITLED TO
78 A DEFERRED VESTED BENEFIT PRIOR TO NORMAL RETIREMENT AGE, BUT NO
79 EARLIER
80 THAN AGE FIFTY-FIVE, COMPUTED IN ACCORDANCE WITH THE
81 PROVISIONS OF
82 SUBDIVISION I OF SECTION SIX HUNDRED THREE OF THIS ARTICLE.
83
84 S 5. Paragraph 1 of subdivision b of section 911 of the
85 retirement and
86 social security law, as amended by chapter 110 of the laws of
87 2000, is
88 amended to read as follows:
89 1. [An] SUBJECT TO THE PROVISIONS OF PARAGRAPH ONE-A OF THIS SUBDIVI-
1. **SION, AN eligible member (i) with a date of membership in a retirement system on or after July twenty-seventh, nineteen hundred seventy-six and (ii) who has ten or more years of membership or ten or more years of credited service with a retirement system under the provisions of article fourteen or fifteen of this chapter shall not be required to contribute to a retirement system pursuant to section five hundred seventeen or six hundred thirteen of this chapter as of the cessation date.**

2. **S 6. Subdivision b of section 911 of the retirement and social security law is amended by adding a new paragraph 1-a to read as follows:**

   **1-A. NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH ONE OF THIS SUBDIVISION OR ANY OTHER PROVISION OF LAW TO THE CONTRARY, A MEMBER OF THE NEW YORK CITY TEACHERS' RETIREMENT SYSTEM OR THE NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM:**

   **(I) WHO IS A TWENTY-SEVEN YEAR PARTICIPANT IN THE AGE FIFTY-FIVE RETIREMENT PROGRAM (AS DEFINED IN PARAGRAPH TWELVE OF SUBDIVISION A OF SECTION SIX HUNDRED FOUR-I OF THIS CHAPTER), AND (II) WHO BECOMES SUBJECT TO THE PROVISIONS OF ARTICLE FIFTEEN OF THIS CHAPTER AFTER THE EFFECTIVE DATE OF THIS PARAGRAPH, SHALL CONTRIBUTE TO A RETIREMENT SYSTEM PURSUANT TO SECTION SIX HUNDRED THIRTEEN OF THIS CHAPTER UNTIL HE OR SHE HAS COMPLETED TWENTY-SEVEN YEARS OF CREDITED SERVICE.**

3. **S 7. Paragraph 2 of subdivision e of section 604-i of the retirement and social security law, as added by chapter 19 of the laws of 2008, is amended to read as follows:**

   **2. A twenty-five-year participant in the age fifty-five retirement program (as defined in paragraph eleven of subdivision a of this section) shall contribute additional member contributions until the later of (i) June twenty-ninth, two thousand eight, or (ii) the date on which he or she has completed twenty-five years of credited service. A twenty-seven-year participant in the age fifty-five retirement program**
shall contribute additional member contributions only until he or she has completed twenty-seven years of credited service; PROVIDED, HOWEVER, THAT A TWENTY-SEVEN-YEAR PARTICIPANT IN THE AGE FIFTY-FIVE RETIREMENT PROGRAM WHO BECOMES SUBJECT TO THE PROVISIONS OF THIS ARTICLE AFTER THE EFFECTIVE DATE OF THE CHAPTER OF THE LAWS OF TWO THOUSAND NINE AMENDED THIS PARAGRAPH SHALL CONTRIBUTE ADDITIONAL MEMBER CONTRIBUTIONS FOR ALL YEARS OF CREDITED SERVICE AS PROVIDED IN SUBPARAGRAPH (II) OF PARAGRAPH ONE OF THIS SUBDIVISION.

S 8. Subdivision d of section 13-582 of the administrative code of the city of New York is amended to read as follows:

d. [Interest] 1. SUBJECT TO THE PROVISIONS OF PARAGRAPHS TWO OF THIS SUBDIVISION, INTEREST shall be allowed on the participant's tax-deferred account in the annuity savings fund at the same rate and in accordance with the same rules and procedures applicable to any account in the annuity savings fund, as provided in this chapter.

2. NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH ONE OF THIS SUBSECTION, OR ANY OTHER PROVISION OF LAW, OR ANY RETIREMENT BOARD RULE, REGULATION OR RESOLUTION TO THE CONTRARY, ON OR AFTER THE FIRST BUSINESS DAY IMMEDIATELY FOLLOWING THE EFFECTIVE DATE OF THIS PARAGRAPH, INTEREST SHALL BE ALLOWED AT THE RATE OF SEVEN PERCENT PER ANNUM, COMPOUNDED ANNUALLY, ON THE TAX-DEFERRED ACCOUNT IN THE ANNUITY SAVINGS FUND OF PARTICIPANTS (I) WHO HOLD A POSITION REPRESENTED BY THE RECOGNIZED TEACHER ORGANIZATION FOR COLLECTIVE BARGAINING PURPOSES, OR (II) WHO HELD SUCH A POSITION AT THE TIME THEY RETIRED OR DISCONTINUED SERVICE WITH VESTED RIGHTS TO A RETIREMENT ALLOWANCE AND ELECTED TO DEFER COMMENCEMENT OF DISTRIBUTION OF THEIR TAX-DEFERRED ACCOUNTS IN ACCORDANCE WITH SUBDIVISION G OF THIS SECTION.

S 9. Section 13-582 of the administrative code of the city of New York is amended by adding two new subdivisions n and o to read as follows:
17. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, OR ANY RETIREMENT BOARD
18. RULE, REGULATION OR RESOLUTION TO THE CONTRARY, THE AMENDMENT TO
19. SUBDIVISION D OF THIS SECTION ENACTED BY THE CHAPTER OF THE LAWS OF
20. TWO THOUSAND NINE WHICH ADDED THIS SUBDIVISION SHALL NOT AFFECT THE
21. RATE OF INTEREST BEING CHARGED ON NEW LOANS FROM THE TAX-DEFERRED
22. ANNUITY PROGRAM, AND THE RATE OF INTEREST THAT WAS BEING CHARGED ON
23. SUCH LOANS IMMEDIATELY PRIOR TO THE EFFECTIVE DATE OF THIS SUBDIVISION
24. SHALL BE USED FOR NEW LOANS FROM THE TAX-DEFERRED ANNUITY PROGRAM
25. MADE ON OR AFTER THE EFFECTIVE DATE OF THIS SUBDIVISION, UNLESS THE
26. RETIREMENT BOARD, IN ACCORDANCE WITH ITS AUTHORITY PURSUANT TO
27. PARAGRAPH TWO OF SUBDIVISION L OF THIS SECTION, AS ADDED BY CHAPTER FIVE HUNDRED
28. SEVEN-TEEN OF THE LAWS OF NINETEEN HUNDRED NINETY-THREE, SHALL AMEND
29. ITS RULES AND REGULATIONS GOVERNING LOANS FROM THE TAX-DEFERRED ANNUITY
30. PROGRAM TO ESTABLISH A DIFFERENT RATE OF INTEREST APPLICABLE TO SUCH LOANS.
31. O. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, OR ANY RETIREMENT BOARD
32. RULE, REGULATION OR RESOLUTION TO THE CONTRARY, WHERE A
33. PARTICIPANT IN THE TAX-DEFERRED ANNUITY PROGRAM HAS ELECTED TO TRANSFER
34. ALL OR A PORTION OF THE AMOUNT CREDITED TO HIS OR HER TAX-DEFERRED
35. ANNUITY SAVINGS FUND TO A TAX-DEFERRED ACCOUNT IN THE VARIABLE
36. ANNUITY SAVINGS FUND, THE RETIREMENT SYSTEM SHALL EFFECTUATE SUCH
37. TRANSFER AS EXPEDITIOUSLY AS IS ADMINISTRATIVELY FEASIBLE.
38. S 10. Subdivision 20 of section 2575 of the education law, as added by chapter 509 of the laws of 1993, is amended by adding a new paragraph
39. (e) to read as follows:
40. (E) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, OR ANY RULE OR REGULATION, OR THE PROVISIONS OF ANY RETIREMENT BOARD
41. RESOLUTION TO THE CONTRARY:
42. (1) ON OR AFTER THE FIRST BUSINESS DAY IMMEDIATELY FOLLOWING THE
43. EFFECTIVE DATE OF THIS PARAGRAPH, INTEREST SHALL BE ALLOWED AT THE RATE
44. OF SEVEN PERCENT PER ANNUM, COMPOUNDED ANNUALLY, ON THE TAX-DEFERRED
ACCOUNTS IN THE ANNUITY SAVINGS FUND OF PARTICIPANTS (I) WHO HOLD A POSITION REPRESENTED BY THE RECOGNIZED TEACHER ORGANIZATION FOR COLLECTIVE BARGAINING PURPOSES, OR (II) WHO HELD SUCH A POSITION AT THE TIME THEY RETIRED OR DISCONTINUED SERVICE WITH VESTED RIGHTS TO A RETIREMENT ALLOWANCE AND ELECTED TO DEFER COMMENCEMENT OF DISTRIBUTION OF THEIR TAX-DEFERRED ACCOUNTS IN ACCORDANCE WITH PARAGRAPH (C) OF THIS SUBDIVISION; AND THE PROVISIONS OF SUBPARAGRAPH ONE OF THIS PARAGRAPH SHALL NOT AFFECT THE RATE OF INTEREST BEING CHARGED ON NEW LOANS FROM THE TAX-DEFERRED ANNUITY PROGRAM, AND THE RATE OF INTEREST THAT WAS BEING CHARGED ON SUCH LOANS IMMEDIATELY PRIOR TO THE EFFECTIVE DATE OF THIS PARAGRAPH SHALL BE USED FOR NEW LOANS FROM THE TAX-DEFERRED ANNUITY PROGRAM MADE ON OR AFTER THE EFFECTIVE DATE OF THIS PARAGRAPH, UNLESS THE RULES AND REGULATIONS GOVERNING LOANS FROM THE TAX-DEFERRED ANNUITY PROGRAM ARE AMENDED PURSUANT TO PARAGRAPH (D) OF THIS SUBDIVISION TO ESTABLISH A DIFFERENT RATE OF INTEREST APPLICABLE TO SUCH LOANS; AND WHERE A PARTICIPANT IN THE TAX-DEFERRED ANNUITY PROGRAM HAS ELECTED TO TRANSFER ALL OR A PORTION OF THE AMOUNT CREDITED TO HIS OR HER TAX-DEFERRED ACCOUNT IN THE ANNUITY SAVINGS FUND TO A TAX-DEFERRED ACCOUNT IN THE VARIABLE ANNUITY SAVINGS FUND, THE RETIREMENT SYSTEM SHALL EFFECTUATE SUCH TRANSFER AS EXPEDITIOUSLY AS IS ADMINISTRATIVELY FEASIBLE.

This act shall take effect immediately.

Severability clause. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judg-
ment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

S 3. This act shall take effect immediately provided, however, that the applicable effective date of Parts A through C of this act shall be as specifically set forth in the last section of such Parts.

**FISCAL NOTE.--PROVISIONS OF PART C OF THE PROPOSED LEGISLATION**

- OVERVIEW: With respect to the New York City Retirement Systems ("NYCRS"), Part C of this proposed legislation would amend New York State Retirement and Social Security Law ("RSSL") Sections 602, 604-1, 612 and 911.b, Administrative Code of the City of New York ("ACNY") Section 13-582 and Education Law ("Ed Law") Section 2575 to provide changes in the service eligibility requirements for certain members for Vested and Service Retirement benefits, to revise the duration of payability for member contributions for certain Tier IV members hired on and after the Effective Date, and to provide a change to the rate of interest to be credited on Fixed Fund account balances of certain participants in the Tax Deferred Annuity ("TDA") Programs of the New York City Teachers' Retirement System ("NYCTRS") and the New York City Board of Education Retirement System ("BERS").

The Effective Date of the proposed legislation would be the date of enactment.

**IMPACT ON SECTIONS OF LAW:** The proposed legislation would amend the following provisions of law for certain new NYCRS members hired on and after the Effective Date ("New Members") and also impact certain existing members on the Effective Date with respect to certain TDA provisions.

<table>
<thead>
<tr>
<th>SECTION OF LAW</th>
<th>PROVISIONS BEING AMENDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACNY 13-582.d</td>
<td>TIER I-IV PROVISIONS</td>
</tr>
<tr>
<td>ACNY 12-582.n.o</td>
<td>NYCTRS TDA.</td>
</tr>
</tbody>
</table>
NYCTRS TDA loans.

TIER IV PROVISIONS

("SR")

RSSL Sec. 602.a,b
Service Retirement eligibility.

RSSL Sec. 604-i
Additional Member contributions
S. 26

A. 26

Contributions

("AMC").

RSSL Sec. 612.a
Eligibility for Vested contributions

RSSL Sec. 911.b
Limitations on Basic Member Contributions

RSSL Sec. 604
Additional Member Contributions

TDA PROVISIONS AND TDA LOANS FOR BERS

Ed Law Sec. 2575
TDA provisions and TDA loans for BERS.

IMPACT ON NYCRS RETIREMENT PLANS - NON-TDA PROVISIONS: Part C of the proposed legislation would cover certain Tier IV New Members of NYCTRS and BERS and impact provisions of the following plans:

* Basic Tier IV Plan Provisions ("Basic 62/5 Plan") and
* Optional Age Fifty-five Retirement Program for New York City Teachers and certain other members ("Age 55 Program").

IMPACT ON ELIGIBILITY PROVISIONS - NON-TDA PROVISIONS:

Under the proposed legislation, certain New Members hired on and after the Effective Date would become subject to the following revised Service Retirement and Vesting eligibility requirements:

SERVICE RETIREMENT

Under the proposed legislation, the minimum service required for a Service Retirement benefit in the Basic 62/5 Plan would be increased to 10 years from 5 years of credited service.

VESTING

Under the proposed legislation, the minimum service required for a Vested benefit in the Basic 62/5 Plan would be increased to 10 years from 5 years of credited service.

While such New Members would participate in the Age 55 Program, in the event a participant terminated employment prior to meeting the eligibility requirements of the Age 55 Program for Service Retirement, the benefits payable upon vesting, retirement, disability or death would be
Based on the provisions of the Basic 62/5 Plan.

IMPACT ON MEMBER CONTRIBUTIONS - NON-TDA PROVISIONS:

Currently, Basic Member Contributions ("BMC") of 3.0% of salary for Tier IV members are required (per Chapter 126 of the Laws of 2000) for only the first 10 years of membership or the first 10 years of credited service, whichever occurs earliest.

Under the proposed legislation, certain New Members would be required to pay BMC for all years of credited service up to a maximum of 27 years.

Currently, under the existing Age 55 Program, only those participants subject to the 27-year provisions are required to contribute AMC of 1.85% of salary to a maximum of 27 years of credited service.

Under Part C of the proposed legislation, New Member 27-year participants in the Age 55 Program after the Effective Date would be required to contribute AMC for all years of credited service.

FINANCIAL IMPACT - OVERVIEW: If enacted into law, the ultimate employer cost of this proposed legislation would be determined by the net change in benefits paid, offset by any increases in member contributions, and by the reduced amount of interest credited to TDA Fixed Fund account balances.

FINANCIAL IMPACT - NON-TDA PROVISIONS - ACTUARIAL PRESENT VALUES - CURRENT MEMBERS: Based on the census data and the actuarial assumptions and methods currently in effect, the enactment of this proposed legislation would not change the APV of benefits, the APV of member contributions or the APV of future salary of current members of NYCTRS or BERS as of June 30, 2008.

S. 26
A. 26

IMPACT ON NYCRS RETIREMENT PLANS - TDA PROVISIONS: The proposed legislation changes to the TDA provisions would cover both existing members and New Members of NYCTRS and BERS in Tier I, Tier II, Tier III and Tier IV whose job titles are represented in collective bargaining by the United Federation of Teachers ("UFT") ("Covered Members").
These TDA changes would impact all such NYCTRS and BERS members regardless of the Plan in which they participate.

BACKGROUND - EARNINGS ON TDA ACCOUNTS - CURRENT LAW: Under current law, eligible members of NYCTRS who elect to participate in the TDA Program select from among the following funds to allocate their TDA account balances (100.0% in one Fund or proportions (delineated in minimum 5.0% increments) within the following six alternative funds:

* A Fixed Fund that provides a guaranteed annual rate of return of 8.25% per annum (for periods on and after July 1, 1988), or
* Five separate Variable Funds (i.e., Diversified Equity Fund, Stable Value Fund, International Equity Fund, Inflation Protection Fund or Socially Responsive Equity Fund) that provide alternative risk/return characteristics.

Eligible BERS members who participate in the TDA Program select only from the Fixed Fund and the Diversified Equity Fund.

At retirement after age 59 1/2, TDA participants may receive their TDA account balances payable as a lump sum, as a monthly annuity based on annuitization factors used by the NYCTRS or BERS Qualified Pension Plan ("QPP") Programs, respectively, or in other amounts they elect subject to the Internal Revenue Code ("IRC") Minimum Required Distribution ("MRD") rules for those age 70 1/2 or greater.

BACKGROUND - EARNINGS ON TDA ACCOUNTS - PROPOSED LAW: Under the proposed legislation, the interest crediting rate for TDA participants in the Fixed Fund for Covered Members would be decreased (i.e., 8.25% per annum would decrease to 7.0% per annum).

FINANCIAL IMPACT - TDA FIXED FUND ASSETS - OVERVIEW: If enacted into law, the ultimate change in employer cost of this proposed legislation would equal the change in benefits payable by NYCTRS and BERS arising from revised TDA provisions.

Simplistically, this change in employer cost would equal the cumulative reduction in obligations between crediting 8.25% per annum and 7.0% per annum on TDA Fixed Fund account balances for Covered Members.
However, financing this change in obligations is not simplistic.

Under current law, TDA Fixed Fund assets of NYCTRS and BERS are co-invested with NYCTRS QPP assets.

The Investment Policy for NYCTRS QPP assets reflects a broad asset allocation of 70% equity-like securities and 30% bond-like securities.

The actuarial assumptions currently in effect include an Actuarial Interest Rate ("AIR") assumption of 8.0% per annum that is consistent with an assumption that the NYCTRS QPP assets are expected to earn an average of 8.0% per year. To the extent that TDA Fixed Fund assets earn more than 8.25% per year (i.e., the crediting rate on TDA Fixed Fund account balances), actuarial gains occur. To the extent that TDA Fixed Fund assets earn less than 8.25% per year, actuarial losses occur.

To the extent TDA Fixed Fund account balances are shifted to Variable Funds or vice versa, there are also impacts on the potential cost of the TDA Programs.

Under the proposed legislation, access to and earnings payable on the Variable Funds would not change.

Under current actuarial practice, the Actuary spreads through the Actuarial Asset Valuation Method ("AAVM") over six years and then over the expected future working lifetimes of NYCTRS QPP and BERS QPP active members the investment gains/losses attributable to the TDA Fixed Fund earnings equaling more/less than the 8.25% per annum TDA Fixed Fund Interest Crediting Rate.

In particular, the Actuary includes in the NYCTRS QPP and BERS QPP actuarial valuations a modest load to the Actuarial Present Value of Benefits ("APVB") equal to approximately 2.3% of their respective TDA Fixed Fund assets. This amount is intended to represent a portion of the anticipated difference between the expected earnings on TDA Fixed Fund assets and the TDA Fixed Fund Interest Crediting Rate. These obligations...
are financed over the expected future working lifetimes of NYCTRS QPP and BERS QPP active members.

FINANCIAL IMPACT - TDA FIXED FUND ASSETS - RISK ADJUSTED:

As noted earlier, the expected long-term actuarial loss on TDA Fixed Fund assets, under the current actuarial assumptions, is .25% of TDA Fixed Fund assets, per year.

However, on a risk-adjusted basis, the economic implications are more significant. Specifically, TDA Fixed Fund account balances are credited with interest at a rate of 8.25% per annum, not subject to any risk to the TDA participants.

To earn the AIR assumption of 8.0% per annum, (or the 8.25% per annum crediting rate), TDA Fixed Fund assets are subject to considerable investment risk.

 Were NYCTRS to set aside TDA Fixed Fund assets whose characteristics had a comparable level of certainty of payment, it would have to invest in some form of risk-free asset class such as U.S. Treasury securities.

Although a TDA participant may move, following a modest notification period, his or her TDA account balance between the Fixed Fund and the Variable Funds, the Actuary has assumed an average TDA Fixed Fund holding period of 10 years. Comparing the expected yield on 10-year U.S. Treasury securities would then be a reasonable, risk-adjusted benchmark.

Over time, intermediate-term U.S. Treasury securities may be expected to earn a real rate of return of approximately 2.5% per year. Combined with a long-term assumption for inflation of 2.5% per year, a total rate of return for intermediate-term Treasury securities would equal approximately 5.0% per year.

Comparing the current risk-free TDA Fixed Fund interest crediting rate of 8.25% per annum with a long-term expected, market place, risk-free yield of 5.0% per year on intermediate-term U.S. Treasury securities indicates that TDA account balances are being credited with an expected 3.25% per year greater rate of return on a risk-adjusted basis than the
expected earnings on the supporting TDA Fixed Fund assets. Thus, on an economically robust, risk-adjusted basis, the crediting of TDA account balances with interest at either 7.0% or 8.25% per annum is more expensive than reported on a non-risk-adjusted basis.

FINANCIAL IMPACT - TDA VARIABLE ANNUITY CONVERSIONS: In addition, the Actuary holds as obligations of the NYCTRS QPP and BERS QPP, amounts to reflect the actuarial losses anticipated upon the conversion of some TDA account balances into Variable Annuities. This reflects the fact that the annuity factors used for such conversion, by law, are not actuarially equivalent to what the Actuary assumes in the actuarial valuations.

Under the proposed legislation, TDA participants would be permitted to transfer their TDA Fixed Fund account balances to one or more of the Variable Funds as soon as feasible under the direction of the Plan administrators of each NYCTRS and BERS.

However, it is not expected that enactment of the proposed legislation would result in substantial numbers of TDA participants transferring their TDA Fixed Fund account balances to TDA Variable Funds.

FINANCIAL IMPACT - TDA FIXED FUND - SUMMARY: Annual investment returns on the TDA Fixed Fund assets that exceed the guaranteed amounts to be credited to the TDA Fixed Fund accounts produce actuarial gains. Conversely, annual investment returns less than the guaranteed amounts to be credited to the TDA Fixed Fund accounts produce actuarial losses.

Under the current AIR assumption of 8.0% per annum, an aggregate long-term net actuarial loss of .25% on TDA Fixed Fund account balances is expected. This loss ultimately increases employer costs. The Actuary anticipates that enactment of the proposed legislation with respect to the decrease to 7.0% per annum from 8.25% per annum of the Interest Crediting Rate on TDA Fixed Fund account balances in NYCTRS and BERS would become effective in the Fiscal Year containing the Effective Date.
If enacted before June 30, 2010, the Actuary would likely reduce Fiscal Year 2010 employer contributions to reflect that there would be fewer TDA Fixed Fund account balances expected to be credited at 8.25% per annum.

As of June 30, 2008, TDA Fixed Fund account balances equaled approximately $8.970 billion for NYCTRS and $456.8 million for BERS.

Assuming a portion of the TDA Fixed Fund account balances would be transferred to the TDA Variable Funds following enactment of this proposed legislation, the Actuary would likely apply the 2.3% load to only non-UFT TDA account balances.

If the proposed legislation were enacted on or before June 30, 2010, the impact of reducing expected TDA Fixed Fund actuarial losses would result in decreases in Fiscal Year 2010 employer contributions of approximately $18.7 million for NYCTRS and $.4 million for BERS. It is anticipated that the annualized expected reduction in Fiscal Year 2010 employer contributions to NYCTRS and BERS would continue for future years.

PROJECTED CHANGES IN EMPLOYER CONTRIBUTIONS - CURRENT ACTUARIAL ASSUMPTIONS AND METHODS: If the proposed legislation were enacted and effective for certain New Members on or after the Effective Date, these New Members would first join the NYCRS during Fiscal Year 2010 and first be included in the June 30, 2010 actuarial valuations of the NYCRS used to determine Fiscal Year 2012 employer contributions. However, since most New Members of NYCTRS and BERS impacted by this proposed legislation would likely not be hired until September 2010 and would first be included in the June 30, 2011 actuarial valuations of the NYCRS, the first significant impact of the proposed legislation with respect to non-TDA provisions would likely be on the Fiscal Year 2013 employer contributions.

The proposed changes to the TDA provisions would first impact the Fiscal Year 2010 employer contributions. The following Table 1 presents an estimate of the reduction in employer-
er contributions that would occur based on current actuarial assumptions and methods:

Table 1

Estimated Reductions in Employer Contributions
If Proposed Legislation is Enacted to be Effective
On or Before June 30, 2010*

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>NYCTRS</th>
<th>BERS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>18.7</td>
<td>0.4</td>
<td>19.1</td>
</tr>
<tr>
<td>2011</td>
<td>17.6</td>
<td>0.4</td>
<td>18.0</td>
</tr>
<tr>
<td>2012</td>
<td>16.6</td>
<td>0.3</td>
<td>16.9</td>
</tr>
<tr>
<td>2013</td>
<td>23.2</td>
<td>0.5</td>
<td>23.7</td>
</tr>
<tr>
<td>2014</td>
<td>29.5</td>
<td>0.7</td>
<td>30.2</td>
</tr>
<tr>
<td>2015</td>
<td>35.9</td>
<td>0.8</td>
<td>36.7</td>
</tr>
<tr>
<td>2016</td>
<td>42.5</td>
<td>1.0</td>
<td>43.5</td>
</tr>
<tr>
<td>2017</td>
<td>49.0</td>
<td>1.2</td>
<td>50.2</td>
</tr>
<tr>
<td>2018</td>
<td>55.6</td>
<td>1.4</td>
<td>57.0</td>
</tr>
<tr>
<td>2019</td>
<td>62.6</td>
<td>1.5</td>
<td>64.1</td>
</tr>
</tbody>
</table>

* Based on projection assumptions set forth in Actuarial Assumptions and Methods Section and as noted herein. Includes both impact of non-TDA provisions with first significant impact in Fiscal Year 2013 and TDA provisions with impact in Fiscal Year 2010 and later.

The estimated reductions in employer contributions shown in Table 1 are based upon the following projection assumptions:
* Level workforce (i.e., new employees are hired to replace those who leave active status).
* Projected salary increase consistent with those used in the February Projections presented to the New York City Office of Management and Budget ("NYCOMB") on February 20, 2009 ("February Projections").
* New entrant salaries consistent with those used in the February Projections.

These "open group" projections include future new entrants introduced into the census data models to project the future workforces. As of each future actuarial valuation date, the current "closed group" actuarial assumptions and valuation methodology are used.

Under this methodology only Plan Participants as of each actuarial
valuation date are utilized to determine Actuarial Present Values, employer costs and employer contributions.

To the extent Plan designs do not change markedly over time, such closed group actuarial methodology is well suited to funding a Retirement System.

**FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES - POTENTIAL METHODOLOGY:**
The impact of enactment of the proposed legislation provided in this Fiscal Note has been based on the continued use of the current actuarial assumptions and methods.

However, the current actuarial assumptions and methods do not represent the only possible approach for funding the NYCRS.

Historically, actuarial assumptions and methods have been reviewed on average every five years in connection with an actuarial experience study mandated by New York City Charter Section 96.

Following this review, the Actuary generally proposes changes in actuarial assumptions and methods that he believes appropriate and reasonably related to such experience period and future expectations.

The next such review is anticipated during Fiscal Year 2011 or 2012.

If enacted, the proposed legislation would increase the duration of member contributions of New Members of the NYCTRS and BERS. This increase may possibly impact the timing of their election to retire for service and hence, their future working lifetimes. As such, the Actuary will be considering alternative actuarial methodologies that could, directly or indirectly, reflect the impact of future new entrants as early as the Fiscal Year of enactment.

The Actuary may also consider revising the amortization periods for financing certain costs in order to reflect the expected change in the average working lifetimes of New Members hired after enactment of this proposed legislation.

Note: The Actuary has not committed to any particular methodology for determining employer costs and employer contributions in connection with
the upcoming, experience review of actuarial assumptions and methods.
However, the Actuary intends to consider seriously the potential implications for financing the NYCRS that could arise should the benefits and the expected future working lifetimes of certain New Members after the Effective Date differ from those of current new entrants.

FINANCIAL IMPACT—ENTRY AGE NORMAL COSTS: Entry Age Normal Costs can provide a useful basis to compare the value of alternative benefit programs. For each member who enters a NYCRS, there is a theoretical net annual employer cost to be paid for such member while such member remains actively employed (i.e., the Entry Age Normal Cost ("EANC")).
In addition, such EANC may be expressed as a percentage of salary earned over a working lifetime and referred to as the Entry Age Normal Rate ("EANR").
Under the proposed legislation and based on the actuarial assumptions noted herein, the EANC and EANR of New Members would be less than the EANC and EANR for comparable new members entering at the same attained age and gender under the current NYCRS provisions.
A summary of the change in EANC by NYCRS for entry age 25, 30 and 35 follows:

Table 2
Comparison of Representative Employer Entry Age Normal Rates*
To Implement Proposed Legislation Impacting Certain New Members of NYCTRS and BERS

<table>
<thead>
<tr>
<th>Retirement System</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>NYCTRS 7.53%</td>
<td>5.68%</td>
<td>5.99%</td>
<td>6.39%</td>
<td>6.79%</td>
<td>6.99%</td>
<td></td>
</tr>
<tr>
<td>BERS 5.21%</td>
<td>3.72%</td>
<td>4.19%</td>
<td>4.21%</td>
<td>4.80%</td>
<td>4.47%</td>
<td></td>
</tr>
</tbody>
</table>

EANR Under Current Law**
NYCTRS  7.08%  7.40%  7.79%  8.21%  8.46%
9.02%

BERS  5.07%  5.58%  5.55%  6.18%  5.80%
6.61%

Reduction in EANR Due to Proposed Legislation

NYCTRS  1.40%  1.41%  1.40%  1.42%  1.47%
1.49%

BERS  1.35%  1.39%  1.34%  1.38%  1.33%
1.40%

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A. 26

* Based on salaries paid over entire working lifetime.
** EANR were determined as of June 30, 2008 and do not vary significantly over time, absent benefit and/or actuarial assumption changes.

FINANCIAL IMPACT - EMPLOYER CONTRIBUTIONS FISCAL YEARS 2010, 2011 and 2012 - CURRENT METHODOLOGY: Based on the census data and the actuarial assumptions and methods currently in effect, and assuming enactment to be effective on or before June 30, 2010, the enactment of this proposed legislation would, with respect to the changes in TDA provisions, result in changes in employer contributions to NYCTRS and BERS for Fiscal Years 2010, 2011 and 2012.

FINANCIAL IMPACT - EMPLOYER CONTRIBUTIONS FISCAL YEAR 2013 AND BEYOND - CURRENT METHODOLOGY: If enacted to be effective on or before June 30, 2010, the first significant number of New Members would join NYCTRS and BERS during September 2010 and be included in the June 30, 2011 (Lag) actuarial valuations of those NYCRS. Based on the actuarial assumptions and methods currently in effect, those provisions under the proposed legislation that affect New Members would first significantly impact employer contributions to NYCTRS and BERS for Fiscal Year 2013.

OTHER COSTS: Not measured in this Fiscal Note is the impact of this proposed legislation on Other Post-Employment Benefit ("OPEB") costs.

Also not measured are the initial and ongoing additional administrative costs of NYCTRS and BERS and their participating employers to implement
the proposed legislation.

CENSUS DATA: The starting census data used for the
calculations
presented herein are the census data used in the June 30,
2008 (Lag)
actuarial valuations of NYCTRS and BERS.
The census data used for the estimates of additional APVB and
employer
contributions presented herein of the non-TDA portions of the
proposed
legislation are based on average salaries of new entrants in
the June
30, 2008 (Lag) actuarial valuations of NYCTRS and BERS.
The metrics for new members of NYCTRS were approximately 25%
male, age
34 and 75% female, age 34 and a combined average salary of
$48,239.
The metrics for new members of BERS were approximately 25%
male, age
41 and 75% female, age 44 and a combined average salary of
$33,774.
The census data used for estimates of the impact on employer
contrib-
utions of the TDA portion of the proposed legislation
presented herein
are those active participants included in the June 30, 2008
(Lag) actua-
rial valuations of the NYCTRS and BERS.
For NYCTRS, this consisted of 2,401 Tier I, 1,224 Tier II
and 69,273 Tier IV TDA participants included in the June 30, 2008 (Lag) actuarial
valuation of NYCTRS.
For BERS, this consisted of 108 Tier I, 58 Tier II and 11,799 Tier IV
TDA participants included in the June 30, 2008 (Lag) actuarial
valuation of BERS.

ACTUARIAL ASSUMPTIONS AND METHODS: The additional APVB,
EANR and
employer contributions under current methodology presented
herein have
been calculated based on the actuarial assumptions and methods in
effect for the June 30, 2008 (Lag) actuarial valuations of NYCTRS and
BERS.
Employer contributions under current methodology have been
estimated
assuming the additional APVB would be financed through
future normal
contributions.
Projections of salaries, reflecting the impact of estimated
contractual wage increases, include information provided by NYCOMB.
These and
other projection assumptions (such as projected expenses) are
set forth
New entrants were projected to replace the NYCRS members expected to leave the active population to maintain a steady-state population. The following Table 3 presents the total number of active employees used in the projections, assuming a level work force, and the net number of New Members as of each June 30 from 2009 to 2017.

Table 3

<table>
<thead>
<tr>
<th>New Members</th>
<th>Actives</th>
<th>Members</th>
<th>Actives</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>112,472</td>
<td>0</td>
<td>22,702</td>
</tr>
<tr>
<td>2010</td>
<td>112,472</td>
<td>0</td>
<td>22,702</td>
</tr>
<tr>
<td>2011</td>
<td>112,472</td>
<td>6,330</td>
<td>22,702</td>
</tr>
<tr>
<td>2012</td>
<td>112,472</td>
<td>12,213</td>
<td>22,702</td>
</tr>
<tr>
<td>2013</td>
<td>112,472</td>
<td>17,705</td>
<td>22,702</td>
</tr>
<tr>
<td>2014</td>
<td>112,472</td>
<td>22,846</td>
<td>22,702</td>
</tr>
<tr>
<td>2015</td>
<td>112,472</td>
<td>27,652</td>
<td>22,702</td>
</tr>
<tr>
<td>2016</td>
<td>112,472</td>
<td>32,181</td>
<td>22,702</td>
</tr>
<tr>
<td>2017</td>
<td>112,472</td>
<td>36,461</td>
<td>22,702</td>
</tr>
</tbody>
</table>

* Active members included in the projections assume a level work force based on the June 30, 2008 (Lag) actuarial valuation census data. For simplification, all New Members in TRS and 15% of the New Members in BERS are assumed to be UFT Members.

The changes in employer contributions and costs have been estimated assuming that changes in the Actuarial Present Values of Future Employer Costs would be financed through future normal contributions.

Information on TDA Fixed Fund and TDA Variable Fund account balances used to estimate the impact on employer costs of the TDA portion of the
legislation presented herein also reflect financial information
provided
by the accountants of NYCTRS and BERS.

STATEMENT OF ACTUARIAL OPINION: I, Robert C. North, Jr., am
the Chief
Actuary for the New York City Retirement Systems. I am a Fellow
of the
Society of Actuaries and a Member of the American Academy of
Actuaries.
I meet the Qualification Standards of the American Academy of
Actuaries
to render the actuarial opinion contained herein.

FISCAL NOTE IDENTIFICATION: This estimate is intended for use only
during the 2009 Legislative Session. It is Fiscal Note 2009-17, dated
November 17, 2009, prepared by the Chief Actuary of the New
York City
Teachers' Retirement System and the New York City Board of
Education
Retirement System.

FISCAL NOTE.--This bill would (1) create new benefits for new
members
who first join the New York State and Local Employees' Retirement
System, the New York State Teachers' Retirement System, the New
York
City Teachers' Retirement System, the New York City Employees' Retire-
ment System or the New York City Board of Education Retirement
System on
or after January 1, 2010 (2) create a new plan in the New York State and
Local Police and Fire Retirement System.

Insofar as this bill would affect the New York State and Local
Employees' Retirement System (ERS), the significant plan design
changes for
members who join on or after January 1, 2010 include:

1. Employee contributions of 3% of pay for all years of service,
except
S. 26
A. 26
- State correction officer contributions would be limited to
30 years
of service, &
- uniformed court officers/peace officers employed by the
Unified
Court System would contribute 4% of pay for all years of service.

2. Ten year vesting,
3. Larger early retirement reductions would be in place for members
retiring prior to age 62, and the waiver of reduction with
30 years
would be eliminated except for uniformed court officers/peace officers employed by the Unified Court System,

4. Annual overtime pay in excess of $15,000 would not be included in the definition of wages and final average salary. This overtime pay limitation would increase by 3% annually.

If this bill is enacted, we will calculate new plan rates for all ERS members who first enter on or after January 1, 2010. The long term expected annual employer contribution rate for new general members will be approximately 8.9% as compared to the current expected long term annual employer contribution rate for Tier 4 general members of approximately 11.0% of payroll. For fiscal year ending March 31, 2010, since the average Tier 4 employer contribution rate is approximately 7%, the new plan rate would be approximately 5.7%.

For ERS members in 20 or 25 year retirement plans that allow retirement without regard to age, the long term reductions would vary by plan and be less than 2% of salary, with the fiscal year ending March 31, 2010 reductions averaging approximately 1%.

Insofar as this bill would affect the New York State and Local Police and Fire Retirement System (PFRS), the significant plan design changes for members who join on or after January 1, 2010 include:

1. An employee contribution of 3% of pay will be required for all years of service, except that a member who is enrolled in a plan that limits the amount of creditable service which may be accrued will not be required to contribute after accruing the maximum amount of creditable service under such plan,

2. Overtime pay in an amount in excess of 15% of a member's annual wages not classified as overtime pay shall be excluded from a member's final average salary,

3. Ten year vesting.

If this bill is enacted, we will calculate new plan rates for all PFRS members who first enter on or after January 1, 2010. The long term expected annual employer contribution rate would change as follows:
-1.8% for municipal 20 year plans with additional 60ths (benefits for members hired on or after 7/1/2009 are now computed under Article 14),
-0.6% for the state 20 year plan with additional 60ths (benefits for members hired on or after 7/1/2009 are now computed under Article 14),
-2.6% for 20 year plans (benefits for members hired on or after 7/1/2009 are now computed under Article 14),
-3.0% for 25 year plans with additional 60ths, 25 year plans, and regular plans previously non-contributory.

This estimate, dated November 16, 2009, and intended for use only during the 2009 Legislative Session, is Fiscal Note No. 2009-297, prepared by the Actuary for the ERS and PFRS.

FISCAL NOTE.--This bill would amend various sections of the Education Law and the Retirement and Social Security Law to implement a new retirement benefit structure (Tier 5) for members who first join a public retirement system of the state (or New York City) on or after January 1, 2010. The following provisions are with respect to members of the New York State Teachers' Retirement System. Members would be eligible for a service retirement benefit after rendering a minimum of ten years of credited service and attainment of age 55. The service retirement benefit formula for a member with less than twenty-five years of service would be equal to one-sixtieth of final average salary times the years of service. The service retirement benefit formula for a member with twenty-five or more years of service would be equal to one-fiftieth of final average salary times the years of service (not in excess of thirty). Years of service in excess of thirty shall provide an additional retirement benefit equal to three two-hundredths of final average salary. Members retiring prior to age 62 would have their retirement benefit reduced by one-fifteenth per year for each of the first two
years retirement predates age 62 and by one-twentieth per year for each
for each
year retirement predates age 60. However, members who are at
at least age
least age
57 with 30 or more years of credited service would be
would be permitted to
permitted to retire without reduction. Members would be required to
be required to contribute three
three and one-half percent of annual salary for ALL years of service.
and one-half percent of annual salary for ALL years of service.
The current required employer contribution rate for the New
New York State
York State Teachers’ Retirement System is 6.19% of pay, applicable to
Teachers’ Retirement System is 6.19% of pay, applicable to
7/1/09
7/1/09
6/30/10 member salaries and to be collected in the fall of
member salaries and to be collected in the fall of
6/30/10. This
2010. This rate is applicable to the salaries of all members, regardless
rate is applicable to the salaries of all members, regardless of tier.
of tier.
In that this proposed benefit structure is only applicable to members
In that this proposed benefit structure is only applicable to members
joining on or after January 1, 2010, it will be at least
joining on or after January 1, 2010, it will be at least
several years
several years before it has a noticeable impact on the employer contribution
before it has a noticeable impact on the employer contribution
rate. The cost savings impact of this change will become more
rate. The cost savings impact of this change will become more
significant with time as the number of post-1/1/10 members grows as a
significant with time as the number of post-1/1/10 members grows as a
percentage of the total membership.
percentage of the total membership.
Our “new entrant rate”, a hypothetical employer contribution rate that
would occur if we started a new Retirement System without any
assets, is equal to 11.8% of pay under the current benefit structure. This can be
equal to 11.8% of pay under the current benefit structure. This can be thought of as the cost of the benefit structure for new entrants, based on current actuarial assumptions. Under the proposed benefit structure, this new entrant rate would be equal to 8.7% of pay.
this new entrant rate would be equal to 8.7% of pay.
The source of this estimate is Fiscal Note 2009-92 dated
The source of this estimate is Fiscal Note 2009-92 dated
November 16, November 16, 2009 prepared by the Actuary of the New York State Teachers’ Retirement
2009 prepared by the Actuary of the New York State Teachers’ Retirement
System and is intended for use only during the 2009 Legislative Session.
System and is intended for use only during the 2009 Legislative Session.