



A PERIODIC UPDATE ON POLICY ISSUES OF
INTEREST TO CITY AND VILLAGE OFFICIALS

New York State Conference of Mayors and Municipal Officials
119 Washington Avenue, Albany, NY 12210 • (518) 463-1185

Mayor Samuel Teresi
President

Peter A. Baynes
Executive Director



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Early Retirement Bill is Passed by the State Legislature

Although there has still been no resolution on the State Budget, which is now approximately two months late, the State Legislature continues to consider other legislative initiatives including the Governor's recently proposed early retirement incentive legislation. This bill (A.11144 / S.7909) would apply to state and local employees under the New York State and Local Employee Retirement System, the New York City Retirement Systems and the New York State Teachers' Retirement System. Employees in the New York State and Local Police and Fire Retirement System would not be eligible. The legislation was passed by both the Assembly and the Senate last week and was delivered to the Governor on Friday. It is expected the bill will be signed into law later this week.

The two incentives contained in the bill -- an additional service credit incentive under Part A and a 25/55 retirement option under Part B -- would be optional for local government and school district employers. The highlights of these two incentives as they apply to local governments are as follows:

Additional Service Credit Option

- Would provide one month of additional service credit for each year of service up to 36 years, or a total of 3 years additional service credit;
- Eligible employees would either need to be currently eligible to retire, or be at least 50 years of age and have at least 10 years of service credit;
- To participate, employers would have to adopt a local law by August 31, 2010;
- Participating employers would be required to provide an "opt in" window of not less than 30 nor more than 90 days for eligible employees to participate in the incentive;
- Participating employers would not be required to eliminate positions vacated under Part A provided they can demonstrate, over a two-year period, savings of at least one-half of the base salary of those employees who receive the incentive; and
- Participating employers would be required to pay the resulting pension benefit costs over a period not to exceed five years.

55/25 Option

- Would allow employees who attain the age of 55 with 25 years of service to retire without penalty;
- Eligibility would be determined by the employer and would exclude elected officials;
- To participate, employers would have to adopt a local law by September 1, 2010; and
- Participating employers would be required to provide a 90-day "opt in" window for eligible employees to participate ending no later than December 31, 2010.

Employers would have the ability to provide one, both or neither of the incentives under this plan. However, eligible employees would only be permitted to take advantage of one of the options.