



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

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## Retirement Incentive Program Signed Into Law

On Wednesday, June 2, Governor Paterson signed the Early Retirement Incentive bill into law (Chapter 105 of the Laws of 2010). The two incentives contained in the law -- an additional service credit incentive under Part A and a 55/25 retirement incentive under Part B -- are optional for local government and school district employers. The highlights of these two incentives as they apply to local governments are as follows:

### Part A - Additional Service Credit Option

- Provides one month of additional service credit for each year of service up to 36 years, or a total of 3 years additional service credit (the additional two years of service granted in 2000 to Tier 1 and Tier 2 employees is excluded from this calculation);
- Eligible employees need to be currently eligible to retire or at least 50 years of age with at least 10 years of service credit;
- This option is not available to elected officials or members of the NYS Police and Fire Retirement System;
- To participate, employers must adopt a local law by August 31, 2010;
- The chief executive officer must determine which positions would be eligible for the incentive;
- Participating employers are 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, and such period must end no later than December 31, 2010;
- Participating employers are not 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;
- The Actuary of the Retirement System estimates that the per-member cost (at retirement) for employees receiving this additional service credit will average approximately 60% of the employee's final average salary; and
- Participating employers would be required to pay the resulting pension benefit costs to the Retirement System over a period not to exceed five years.

### Part B - 55/25 Option

- Permits employees who attain the age of 55 with 25 years of service to retire without penalty;
- This option is not available to elected officials or members of the NYS Police and Fire Retirement System;
- To participate, employers would have to adopt a local law by September 1, 2010;
- The chief executive officer or governing board, as appropriate, may deny participation in this incentive to certain employees if a determination is made that such individuals hold positions that are "deemed critical to the maintenance of public health and safety";
- Participating employers are required to provide a 90-day "opt in" window for eligible employees to participate commencing on October 1, 2010 and ending on December 29, 2010;

- The Actuary of the Retirement System estimates that the per-member cost (at retirement) for employees receiving this incentive will average approximately 110% of the employee's final average salary; and
- Participating employers would be required to pay the resulting pension benefit costs to the Retirement System over a period not to exceed five years.

Employers have the ability to provide one, both or neither of the incentives under this plan. However, eligible employees are only permitted to take advantage of one of the options. NYCOCM is in the process of developing a sample local law for those cities and villages interested in offering either or both of the incentives. For further details on Chapter 105, please visit the website of the New York State and Local Retirement System, <http://www.osc.state.ny.us/retire/>