



Municipalities Information Memo

June 2010

Electronic Dispatch

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2010 RETIREMENT INCENTIVE PROGRAM FOR NYSERS PARTICIPANTS

On June 2, 2010, Governor David A. Paterson signed Chapter 105 of the Laws of New York, 2010, creating a temporary retirement incentive (the "Incentive Program") applicable to municipalities who participate in the New York State Employee Retirement System (the "Retirement System"). The Incentive Program is designed to reduce budgetary pressures by eliminating government positions through offering early retirement incentives. Any employer that elects to participate in the Incentive Program can choose between either a Targeted Incentive (Part A) or a 55/25 Retirement Benefit (Part B). The retirement incentive is only available in 2010, and employees who elect to take advantage of the incentive cannot be replaced, making this program beneficial only to municipalities looking to reduce the number of positions on their payroll.

Part A: The Targeted Incentive

Part A of the Incentive Program allows employers to target certain positions as eligible for the retirement incentive. Employees must be at least 50 years of age and have at least 10 years of service on the effective date of their retirement to qualify. An additional 1 month of service credit for each year of service credit the employee has as of the date of their retirement will be given to participating employees. Municipalities must make additional contributions to the Retirement System based on each retiring employee's annual salary. This contribution can either be paid in one lump sum or over five years, with payments beginning in the fiscal year ending March 31, 2012 (for municipalities that annually select the early payment option, the first payment would be due December 15, 2011). A local law electing to participate in Part A must be enacted in accordance with Municipal Home Rule Law no later than August 31, 2010. The local law must state that the municipality is electing to participate in Part A and establish an "open period" during which employees may retire and be entitled to the benefits of the Incentive Program. The open period must be at least 30 days and no more than 90 days, and it must end on or before December 31, 2010. A certified copy of the local law must be sent to the Retirement System, along with a list of eligible employees, an affidavit stating whether the employees are eligible for separate retirement incentive benefits and the payment option the municipality has selected.

Part B: 55/25 Retirement Benefit

Municipalities that elect to provide Part B benefits to their employees offer the retirement incentive to all employees who are at least 55 years of age and have at least 25 years of service credits. Employees who meet the 55/25 qualification may retire early without a benefit reduction. Unlike Part A, which allows employers to target certain positions, Part B is open to all qualified employees. However, employers may prevent certain employees from electing to participate if the employer designates the employee's position as critical to the maintenance of public health and safety. Similar to Part A, municipalities must make a contribution to the Retirement System based on each retiring employee's annual salary, with a choice between a one time lump sum payment or payment over five years. A local law electing to participate in Part B, passed in accordance with the Municipal Home Rule Law, must be enacted no later than September 1, 2010. A certified copy of the law along with an affidavit stating which payment option the municipality selected must be filed with the Retirement System. The open period for employees to elect to participate in the Part B incentive program begins on October 1, 2010 and ends on December 29, 2010.

Bond, Schoeneck & King, PLLC ■ New York ■ Albany Buffalo Garden City Ithaca New York Oswego Syracuse Utica ■ Kansas
■ Overland Park ■ Florida ■ Naples

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How this may Benefit Your Municipality

The 2010 Retirement Incentive Program was created with the intention of reducing the municipal work force and relieving budget pressures. If your municipality is looking to reduce positions and overall employment, participation in this program may be beneficial. Please contact us as soon as possible if you are interested in participating in this program.

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