



New York State and Local Retirement System

Employees' Retirement System
Police and Fire Retirement System

Thomas P. DiNapoli, State Comptroller

**A Semiannual Bulletin for
Payroll/Personnel Staff**

Fall 2011

A Message from Comptroller Thomas P. DiNapoli



More than three years after the Great Recession began, New York is still feeling the effects of that economic downturn. While it is true that New York was spared the worst of the recession, the cost of running our government is a prime concern for municipalities, school districts and the State alike.

Some have sought to portray pension benefits as a prime driver of budget increases. Allow me to put this in perspective: according to the Center for Retirement Research at Boston College, the national average of pension contributions from state and local employers is just 3.8 percent of all state spending. In New York, that number for the State is even less — just 2.4 percent of State

operating funds. Over the past 20 years, 83 cents of every dollar in benefits paid to New York retirees have come from investment returns, not employee or employer contributions.

While the Common Retirement Fund has had two consecutive years of strong returns, we are still incorporating the market loss of 2008-09 into employer contribution rates. New York has one of the best managed and best funded public pension funds in the country and I remain confident that our long-term investment strategy will help us to weather this volatile market environment.

Now that the Governor and the State Legislature have enacted legislation to establish a property tax cap, localities are drafting budgets and

reporting their property tax data to the Comptroller's Office.

To assist localities in understanding what's required, we have launched a comprehensive website, hosted webinars and conducted workshops across the State.

In these difficult times, we all know the mantra of doing more with less. The Comptroller's Office is your partner in providing government services and benefits to achieve just that.

Sincerely,

Thomas P. DiNapoli
State Comptroller

New Law Helps Monitor Post-Retirement Earnings

Thanks to the recent enactment of a new State law, Retirement System staff will be able to identify retirees working for local governments who exceed the State's post-retirement earnings limitation.

Chapter 206 of the Laws of 2011 authorizes the Office of the State Comptroller to access the New York State Department of Taxation and Finance's wage reporting system in order to match Retirement System records with information reported by local governments to Tax and Finance. The comparison

“Government agencies should be enabled to work together to reduce waste, fraud and abuse. This law will do just that.”

will show any retirees collecting both a service retirement benefit and a local government salary that exceeds the post-retirement earnings limit set by Retirement and Social Security Law (RSSL).

Each year, we compare information for State employees with the Comptroller's Division of Payroll to identify retirees who have returned to the State payroll. In addition, since October 2008, school districts and BOCES have been required to report all public retirees on their payroll during the previous year, including independent contractors and consultants.

Under Section 212 of the RSSL, service retirees under age 65 may

Continued on page 4

Recent Law Allows Tier 3 and 5 PFRS Members to Borrow

Chapter 171 of the Laws of 2011 permits Tier 3 and Tier 5 Police and Fire Retirement System (PFRS) members (with Article 14 or Article 22 benefits) to take out loans against their mandatory 3 percent contributions.

Members must be in active service and have one year of member service credit to qualify for a loan. In addition, since the minimum loan is \$1,000, a member's account balance must be at least \$1,334. Additional requirements and information can be found on our website at www.osc.state.ny.us/retire/members/loans.htm.

We expect to begin processing these loans for Tier 3 and Tier 5 PFRS members in early December 2011. To apply, members must submit a Tier 3, 4 and 5 Loan Application (RS5025-A), which is available on our website. If a member submits an application before December, we will hold it and begin processing it at that time. Members



who file, and subsequently wish to cancel their application before the loan is processed, may fax us at 518-486-9877 or write to us at:

New York State and
Local Retirement System
110 State Street
Albany, NY 12244.

Change in Tax Treatment of PFRS Contributions

A new law will change the tax treatment of the contributions Tier 3 and Tier 5 Police and Fire Retirement System (PFRS) members are required to make under Articles 14 and 22 of the Retirement and Social Security Law (RSSL). Chapter 525 of the Laws of 2011 will allow these mandatory 3 percent contributions to be deducted before taxes, in accordance with Internal Revenue Code, Section 414(h). They are currently deducted after taxes.

This change will not take effect immediately. Chapter 525 requires a determination from the Internal Revenue Service. The pre-tax treatment of Tier 3 and Tier 5 mandatory contributions will become effective at least 60 days after we receive the ruling. We will advise you of the effective date once it has been established. In the meantime, if you have any questions about this change, email Employer Services at RTempSer@osc.state.ny.us.

Correctly Reporting Contributions

It is important to register members on a timely basis — especially optional members. Prompt registration ensures your employees receive credit for all their service and are taxed appropriately on their contributions.

If you fail to register an optional member on his or her first day of employment, but subsequently register the individual, please report days worked and salary beginning with the date the member was registered — not the date he or she began employment.

Service from the date of employment to the date of membership is called non-member service. The member must request credit for this service and can choose to pay the cost in a lump sum, through a transfer of funds from certain qualified plans or through payroll deductions. You should not deduct contributions for non-member service without a notice from us. If you are instructed to deduct payments for non-member service, they must be submitted as arrears payments rather than member contributions on your monthly report.

Contributions made by Tier 3, 4 and 5 Employees' Retirement System members are covered under Internal Revenue Code Section 414(h). These member contributions are deducted before taxes and remain tax-deferred until they are distributed to the member — usually at retirement. However, payments for non-member service are not tax-deferred. They are deducted after taxes.

Your cooperation will be greatly appreciated and, if you have any questions, please email our Employer Education and Participation Unit at RTempSer@osc.state.ny.us or phone the unit directly at 518-474-0167.

Calculating Days Worked for Elected & Appointed Officials

Since elected and appointed officials do not usually work a fixed schedule or have pre-set hours, determining the number of days they have worked is a bit different from figuring out what to report for your other employees. But by following the steps below, you can ensure your officials get appropriate credit for their service.

STEP 1 Gather the information you need

- The standard work day for the official's position;
- The total work hours listed on the official's three-month record of activities; and
- The official's payroll frequency.

Then, use the formulas below to calculate the days to report on the Standard Work Day & Reporting Resolution and the monthly report. Use these formulas regardless of your payroll frequency or whether your elected and appointed officials work full- or part-time.

STEP 2 Calculate the number of days to record on the Standard Work Day & Reporting Resolution

Divide

The total number of work hours listed on the three-month record of activities	÷	3	=	The average number of hours worked in one month
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Divide

The average number of hours worked in one month	÷	The standard work day	=	The average number of days worked per month
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Record

The average days worked per month should be recorded in the Days/Month column of the Standard Work Day and Reporting Resolution.

STEP 3 Calculate the days worked to report on the monthly report

Multiply

The average number of days worked per month	×	12	=	The total number of days worked per year
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Divide

The total number of days worked per year	÷	The number of pay periods in the year	=	The total number of days worked per pay period
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Report

Enter the total number of days worked per pay period for each pay period covered by the monthly report.

See the Elected and Appointed Officials section of our website at www.osc.state.ny.us/retire/employers/elected_appointed_officials for examples and additional information. If you need help reporting your officials, email our Member & Employer Services Bureau at RTEmpSer@osc.state.ny.us or call our Employer Participation and Education Unit at 518-474-0167.

New Online Application Unveiled

Our online programs have been developed to provide you with convenient, efficient and practical tools for your retirement-related work. A new application that allows you to view your projections online continues this effort.

In addition to your projection, the Employer Projections and Rates (EPR) application enables you to review the retirement plans you offer, the rates associated with those plans and the estimated salaries used to calculate your projection — all in one place. And, by making your projection available online, we can provide you with this information sooner than before. Your 2013 Projection was made available earlier this fall when EPR was unveiled.

The EPR application also includes interactive definitions to help you understand your projection. For example, if you are unsure of a term used on the projection, simply place your cursor over the term to get detailed information about it. You may also find the frequently asked questions helpful.

Like all of the online programs we offer, EPR is a secure site, so you must have a username and password to enter. If you use our Internet Salary and Service Listing (ISS), you automatically have access to EPR and



can use your current ISS username and password to log on.

If you do not have an ISS username and password, or wish to add additional users, please email the Employer Billing Unit at RTEmpSer@osc.state.ny.us, call them at 518-473-4132 or contact our Call Center toll-free at 1-866-805-0990. We especially encourage you to enroll because this application replaces the hard copy mailings of your projection and rates previously sent every fall.

Like all of the online programs we offer, EPR is a secure site, so you must have a username and password to enter.

New Law

Continued from page 1

return to work and continue to collect their pension until they receive \$30,000 in a calendar year. When they reach the \$30,000 limit, their pension must be suspended.

“I’ve been pushing hard to end pension abuse,” said Comptroller Thomas P. DiNapoli. “Government

agencies should be enabled to work together to reduce waste, fraud and abuse. This law will do just that.”

If you have questions about reporting requirements as they relate to public retirees, please contact post_retirement_reporting@osc.state.ny.us.

Retirement Filing Period Changed

Chapter 375 of the Laws of 2011, effective August 3, 2011, decreases the number of days a service retirement application must be on file with us. Members can now file their retirement applications as little as 15 days before their date of retirement. Members can still file up to 90 days before their retirement.

To ensure you are notified of a member’s service retirement as quickly as possible, sign up for our Retiring Employees Acknowledgment Program (REAP). With REAP, you will:

- Receive email notices of pending employee retirements;
- Report final service, salary, and accrual information (Statements of Accrued Payments and Leave Credits) online, reducing manual processing and mail delays; and
- Submit adjusted or corrected Statements of Accrued Payments and Leave Credits online.

Visit www.osc.state.ny.us/retire/employers/reap to learn more or to enroll.

The *Employer Forum* is a semiannual newsletter published by the New York State and Local Retirement System for participating employers.

State Comptroller — Thomas P. DiNapoli
Executive Deputy Comptroller —

Kevin Murray

Deputy Comptroller — Mark Pattison
Assistant Comptroller — Melanie Whinnery

Editor — June Hughes

Graphic Artist — David Umlauf

Writer — Doug Gladstone

Address any inquiries or suggestions regarding the *Employer Forum* to:

NYSLRS

Retirement Communications

110 State Street

Albany, NY 12244-0001.

Or, email them to:

nysretnews@osc.state.ny.us

