

INTERNATIONAL UNION of OPERATING ENGINEERS LOCAL 30

Affiliated with the AFL-CIO



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MEMORANDUM OF SUPPORT

Legislative reference: A 7873-A by Assemblyman Peter Abbate; S 6985-B by Senator Andrew Gounardes

Title: Relates to automotive members of the New York city employees' retirement system

Summary of provisions: This legislation would amend Section 604-g of the Retirement and Social Security Law (RSSL) to provide early payability, and an annuity based on the accumulation of certain Additional Members Contributions (AMCs), to certain vested members in the New York City Employees' Retirement System (NYCERS) Automotive 25-Year/Age 50 Plan (Auto 25-Year Plan). Currently, Tier 4 vested members in the Auto 25-Year Plan can begin collecting their pension at the later of age 50 or what would have been their 25th year of credited service. The proposed legislation would instead enable Tier 4 Auto 25-Year Plan vested members to begin collecting their pension as follows: at age 62 with at least 10 years of credited service; at age 63 with at least eight years of credited service; at age 64 with at least six years of credited service; at age 65 or older with at least five years of credited service. Tier 6 Auto 25-Year Plan members would remain eligible for a vested benefit at age 63 or older with at least 10 years of credited service.

The proposed legislation would further provide to both Tier 4 and 6 Auto 25-Year Plan vested members an annuity benefit at payability equal to the difference between the following: Additional Member Contributions ("AMCs") required in the Auto 25-Year Plan (4.83% of salary), and AMCs required in the Tier 4 55/25 Retirement Plan (ranging from 1.85% to 4.35% of salary depending on dates of the service rendered). The difference in the AMC balances above are to be annuitized pursuant to the method set out in loan provisions contained in RSSL Section 613-b(i) (i.e., the actuarially equivalent of a life annuity using the interest rate on 30-year US treasury bonds as of January first of the calendar year of retirement and the mortality tables for payment options under RSSL Section 610).

Justification: Currently, automotive members who begin their careers later in life and are not included in the revised plan may never become eligible to receive a vested retirement due to the age and service requirements. This bill adjusts those requirements to afford those employees with a greater ability to receive a vested retirement.

Respectfully submitted,
International Union of Operating Engineers Local 30

William M. Lynn, Business Manager