



NEW YORK STATE SENATOR

Craig M. Johnson

## Landmark Tier V Legislation Signed at North Hempstead Town Hall

CRAIG M. JOHNSON December 14, 2009



Senator Craig M. Johnson, (D-Nassau), Assemblywoman Michelle Schimel and North Hempstead Supervisor Jon Kaiman hosted Gov. David A. Paterson, who signed critically important legislation that will provide more than \$35 billion in long-term savings to New York taxpayers over the next 30 years.

The legislation creates a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Governor Paterson first proposed a new

pension tier in his 2009-10 Executive Budget, and it was a core recommendation of the Commission on Property Tax Relief, which was chaired by Nassau County Executive Thomas R. Suozzi.

“In order to get our fiscal house in order, Albany must make fundamental reforms to the way it spends money. Tier V is the first substantive pension reform in a quarter century, and is another critical step toward making our government more accountable to taxpayers,” Governor Paterson said. “The savings this reform achieves will help to lower property taxes by reducing not only State spending, but local spending as well.”

This legislation is expected to save Long Island taxpayers \$8.5 billion during the next three decades, according to the State Department of Budget.

“Tier V will provide much-needed structural changes that will put state and local governments on a path towards controlling skyrocketing pension costs,” Senator Johnson said. “The governor and legislative leaders should be commended for making this vital, and frankly long-overdue, legislation a reality.”

“Tier V legislation addresses one of the most significant cost drivers in local and state budgets. This legislation tackles an important core issue of financial sustainability within the pension system while providing much-needed relief to taxpayers. I was pleased that the Governor signed this pension reform bill into law on my watch and in my own Town of North Hempstead,” said Assemblywoman Schimel.

“Town Hall is a fitting place to have this much-needed legislation signed into law,” Supervisor Kaiman said. “North Hempstead, along with every other local government across this state, has been grappling for years with out-of-control pension costs. I thank the Governor and our

representatives in the Senate and Assembly for working together to confront this very real problem and help local governments continue to provide the services that our residents deserve.”

Key components of Tier V include:

Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38 percent for any civilian who retires prior to age 62.

Requiring employees to continue contributing 3 percent of their salaries toward pension costs so long as they accumulate additional pension credits.

Increasing the minimum years of service required to draw a pension from 5 years to 10 years.

Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15 percent of non-overtime wages.

Members of the NYS Teachers Retirement System will have a separate Tier V benefit structure that will achieve equivalent savings as other civilian public employees. It includes:

Raising the minimum age an individual can retire without penalty from 55 to 57 years.

Contributing 3.5 percent of their annual wages to pension costs rather than 3.0 percent and continuing this increased contribution so long as they accumulate additional pension credits.

Increasing the 2 percent multiplier threshold for final pension calculations from 20 to 25 years.

In accordance with constitutional requirements, these new pension reforms would apply only to public employees hired in the future.

Assemblyman Tom McKeivitt said: “This legislation is a start in the right direction to help the State and local governments achieve significant long term savings in their pension costs. Providing savings to the State’s pension system is essential to safeguard the futures of not only current and future retirees, but for all taxpayers as well.”

Assemblyman Charles Lavine said: “Essential to New York’s long term economic strength, this important legislation will save our taxpayers a staggering \$50 billion over the course of the next 30 years while at the same time providing our employees with the security necessary to maintain a dedicated workforce. I am pleased to support this vital and sensible legislation and would like to thank Governor Paterson for his continued leadership.”