



Office of the New York State Comptroller
Thomas P. DiNapoli, Comptroller
New York State and Local Retirement System
Employees' Retirement System
Police and Fire Retirement System
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Michael J. Clenahan, Assistant Director, Member & Employer Services

August 2010

Dear :

The Employer Contribution Stabilization Program was signed into law on August 11, 2010 as Chapter 57 of the Laws of 2010. This statute gives you the **option** to amortize a portion of your annual pension costs. Amortized amounts will be paid in equal annual installments over a ten-year period, and employers may prepay these amounts at any time. Interest will be charged at a rate which approximates a market rate of return on taxable fixed rate securities of a comparable duration. The interest rate, as determined by the Comptroller, will be provided to you via *E-news* in September, as well as posted to the Employer section of our internet site.

The option to amortize a portion of your pension costs begins with your annual payment due February 1, 2011. Consistent with current practice, the System's Actuary will determine the normal employer contribution rate. You may either pay the bill based on that rate, or choose to participate in this Program, which allows you to pay a lower amount based on a "graded" rate and amortize a portion of your bill. This year, Program participants may amortize the difference between the normal contribution rate and the graded rate, which is 9.5 percent for Employees' Retirement System (ERS) members and 17.5 percent for Police and Fire Retirement System (PFRS) members (exclusive of the group term life insurance premium).

Each year, the graded rate will increase or decrease up to 1 percent annually based on the change in the System's average rate. Under this Program, you would pay less than the normal contribution rate as rates increase; conversely should the normal contribution rate decrease, you could be required to pay more than the normal contribution rate. In this case, any excess payments above the normal contribution rate will first be used to pay off existing amortizations. If all amortizations have been paid, any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

Since the February 2011 estimates were mailed before the Contribution Stabilization Program was enacted, we did not include information about the Program with your estimate. However, as many of you are preparing your budgets, you have asked about amortization options. As a result, we have prepared this addendum to your estimate. It quotes the amounts payable on February 1, 2011 and December 15, 2010 – with and without the amortization option.

If you decide to participate in the Contribution Stabilization Program, you will be required to submit a formal, written election. The election form will be mailed with the November invoice. Information about the Program will be available on our website at www.osc.state.ny.us/retire/employers in the near future. If you have any questions, you may email us at REmpSer@osc.state.ny.us or call me at (518) 473-4132 or our Billing Unit at (518) 474-7573 with any questions you may have.

Sincerely,



Michael J. Clenahan
Assistant Director
Member & Employer Services

MJC

February 1, 2011	Total Amount Due	\$33,704,984
February 1, 2011	Amount Due using Amortization	\$33,704,984
	FINAL AMOUNT THAT MAY BE AMORTIZED	\$XXXXXXXXX
	<i>Maximum Amount that may be amortized for FYE 2011 (Regular Pension Contribution minus 9.5% of Projected Salary)</i>	
December 15, 2010	Total Amount Due	\$33,387,987
December 15, 2010	Amount Due using Amortization	\$33,387,987