

RETIREMENT STABILIZATION SAVINGS - 1991

The New York State and Local Retirement System Contribution Stabilization Program is an optional program that establishes a graded contribution rate system. If governments elect to participate, it enables them to pay a portion of annual contributions over time, leading to smoother, more predictable pension costs.

In contrast to the normal annual retirement contribution, as the Retirement System's average rates rise, the County's annual contribution under the Stabilization Program would be less than the normal contribution, since the graded rate increase is capped at one percent. When the System's average rates begin to decline, the graded rates will decline in one percent increments. Therefore, it will be possible for the System's average rates to be lower than the graded rates. In such instances, the County will pay the graded rate. Any additional contributions 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.

Year	Total Pension Obligation	Amortization Amount	Retirement Payment	\$ Change in Total Obligation	% Total Obligation Change Prior Year
2000	643,194	-	643,194	-	-
2001	1,320,535	-	1,320,535	677,341	105.31%
2002	1,347,950	-	1,347,950	27,415	2.08%
2003	6,835,144	-	6,835,144	5,487,194	407.08%
2004	13,588,613	-	13,588,613	6,753,469	98.81%
2005	12,826,189	-	12,826,189	(762,424)	-5.61%
2006	12,426,562	-	12,426,562	(399,627)	-3.12%
2007	11,376,214	-	11,376,214	(1,050,348)	-8.45%
2008	11,669,562	-	11,669,562	293,348	2.58%
2009	8,991,399	-	8,991,399	(2,678,163)	-22.95%
2010	15,162,849	-	15,162,849	6,171,450	68.64%
2011	18,101,692	\$4,468,997	13,632,695	2,938,843	19.38%
2012 Estimate	22,494,064	7,611,788	14,882,276	2,472,581	12.35%
2013 Executive Budget	25,538,039	9,453,260	16,084,779	3,043,975	13.53%

Given the continued financial constraints facing Albany County in 2012, the 2013 Executive Budget assumes that it will be required to participate in the Contribution Stabilization Program for its 2013 pension obligation. According to the information provided by the New York State Office of the State Comptroller, Albany County's pension obligation for 2013 totals \$25,538,039 of which \$9,453,260 can be amortized for an out of pocket expense of \$16,084,779. The total obligation for 2013 contains an installment payment of \$544,151 for the amortization of the 2012 obligation as well as an installment payment of \$1,219,710 associated with the Early Retirement Incentives offered by the County in the last quarter of 2011.

As can be seen in the chart above, our retirement system contributions are highly variable from year to year. Since 2009, our retirement system obligation has increase from less than \$9 million to more than \$25 million in 2013. Unfortunately, based on initial estimates, it appears this trend will continue. According to the State Comptroller's Office, the system average actuarial contribution rate for the County's pension obligation will be approximately 19.0 percent of payroll in 2013. The contribution rate anticipated for the County's 2014 contribution is currently forecast at 21.2 percent. The increase in the system actuarial contribution rate of 2.2 percentage points represents a year to year growth of 16 percent.