

## RETIREMENT AND STABILIZATION SAVINGS

The New York State and Local Retirement System Contribution Stabilization Program is an optional program that establish— as 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 2013, a second option was enacted by the State which allows local governments to amortize a larger percentage of their obligation.

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. Under the new program, rates can only increase or decrease by one-half of one percent.

Year	Total Pension Obligation	\$ Change in Total Obligation	Amortization Amount	Retirement Payment	\$ change in Payment
2000	\$643,194		-	\$643,194	
2001	\$1,320,535	\$677,341	-	\$1,320,535	\$677,341
2002	\$1,347,950	\$27,415	-	\$1,347,950	\$27,415
2003	\$6,835,144	\$5,487,194	-	\$6,835,144	\$5,487,194
2004	\$13,588,613	\$6,753,469	-	\$13,588,613	\$6,753,469
2005	\$12,826,189	(\$762,424)	-	\$12,826,189	(\$762,424)
2006	\$12,426,562	(\$399,627)	-	\$12,426,562	(\$399,627)
2007	\$11,376,214	(\$1,050,348)	-	\$11,376,214	(\$1,050,348)
2008	\$11,669,562	\$293,348	-	\$11,669,562	\$293,348
2009	\$8,991,399	(\$2,678,163)	-	\$8,991,399	(\$2,678,163)
2010	\$15,162,849	\$6,171,450	-	\$15,162,849	\$6,171,450
2011	\$18,101,692	\$2,938,843	\$4,468,997	\$13,632,695	(\$1,530,154)
2012	\$22,494,064	\$2,472,581	\$7,611,788	\$14,882,276	\$1,249,581
2013 Revised Liability	\$26,038,368	\$3,544,304	\$9,453,260	\$16,585,108	\$1,702,832
2014 Executive Budget	\$24,165,471	(\$1,872,897)	\$8,662,961	\$15,502,510	\$1,082,598

Given the continued financial constraints facing Albany County in 2013, the 2014 Executive Budget assumes that it will be required to participate in the “Alternate” Contribution Stabilization Program for its 2014 pension obligation. According to the information provided by the New York State Office of the State Comptroller, Albany County’s pension obligation for 2014 will total \$25,769,693 of which \$7,632,102 can be amortized under the original contribution stabilization program for an out of pocket expense of \$18,137,591. Under the alternate program, \$9,268,875 can be amortized for an out of pocket expense of \$16,500,818. However, given that the proposed budget accounts for the transfer of nursing home operations to the Local Development Corporation, our liabilities have been adjusted accordingly.

The 2014 bill will also contain payments totaling at least \$3 million for prior amortizations and installment payments associated with the Early Retirement Incentives offered by the County. In 2013, the total payments for prior costs was projected to be \$2.2 million.

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, even though our yearly pension obligation based on salaries and contribution rates is declining, the full benefit of that decrease is offset by payments from past amortizations.