

RETIREMENT AND STABILIZATION SAVINGS

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.

| | Total Pension | \$ Change in Total | Amortization | Retirement | \$ change in |
|---------------|---------------|--------------------|--------------|--------------|---------------|
| Year | Obligation | Obligation | Amount | Payment | 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 | \$4,392,372 | \$7,611,788 | \$14,882,276 | \$1,249,581 |
| 2013 | \$26,038,368 | \$3,544,304 | \$9,453,260 | \$16,585,108 | \$1,702,832 |
| 2014 | \$27,014,378 | \$976,010 | \$7,329,977 | \$19,684,401 | \$3,099,293 |
| 2015 | \$24,119,652 | (\$2,894,726) | \$3,135,182 | \$20,984,470 | \$1,300,069 |
| 2016 | \$24,941,092 | \$821,440 | \$2,212,804 | \$22,728,288 | \$1,743,818 |
| 2017 | \$22,741,865 | (\$2,199,227) | \$0 | \$22,741,865 | \$13,577 |
| 2018 Estimate | \$22,048,251 | (\$693,614) | \$706,620 | \$21,341,631 | (\$1,400,234) |

In order to prevent a sudden increase in the 2018 Executive Budget, this budget assumes that it will be required to participate in the Contribution Stabilization Program for its 2018 pension obligation. According to recent trends, Albany County's pension obligation for 2018 will total \$22,048,251 of which only \$706,620 can be amortized under the original contribution stabilization program for an out of pocket expense of \$21,341,631. The 2018 bill will also contain payments totaling \$3.81 million for prior amortizations and installment payments associated with the Early Retirement Incentives offered by the County. Our 2018 estimate includes a reconciliation that decreased our liability by approximately \$693,000.

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 increased from less than \$9 million to more than \$27 million in 2014. 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.