



2010 NYS Joint Legislative Package – Part ‘A-1’

PENSION CONTRIBUTION REFORM

Requesting consideration of Tier 6 for new employees utilizing a defined contribution model. Also requesting that overtime shall not count in calculating future employee pension benefits.

Justification: The ever-increasing cost of pension obligations is a huge budgetary burden. It is projected that the cost for Westchester County will double over the next 3 years (see chart below). *This burden is unsustainable!*

Westchester County Historical & Projected Retirement Contributions:

Year	ERS weighted AVG (1)	PFRS weighted AVG (1)	Total Budgeted/ Projected Cost (2)
2013	22.7 %	28.7 %	117,756,059
2012	19.06%	24.4 %	97,346,314
2011	15.4 %	20.1 %	76,539,972
2010	11.5 %	16.13 %	54,945,993
2009	7.93 %	14.06 %	37,784,495
2008	9.1 %	14.77 %	41,395,961
2007	10.05 %	14.81 %	43,222,648
2006	10.86 %	14.83 %	43,236,300
2005	11.68 %	14.55 %	44,234,432

(1) 2011, 2012, 2013 projections for the rates confirmed by Mike Dutcher, NYS Actuary

(2) Includes trust accounts, DEF and all General Fund

While the County contribution rates did go down in 2008 and 2009 after the market run-up, it was not by the same percentage terms as the market increase. This is due to the costs associated with the aging workforce. This circumstance combined with the substantial, recent market correction (amortized over a 5-year period) and subsequent slow market recovery results is more than doubling the pension contributions for the county, state and other municipalities in New York.