

**PERSONNEL COMMITTEE MEETING**  
**Held in Room 318**  
**Putnam County Office Building**  
**Carmel, New York 10512**  
**Members:**  
**Chair DiCarlo, Legislators Gross & Nacerino**

**Tuesday**

**June 11, 2013**

The meeting was called to order at 7:25p.m. by Chair DiCarlo. He requested that Legislator Nacerino lead in the Pledge of Allegiance. Upon roll call, Chair DiCarlo and Legislators Gross and Nacerino were present.

**Item #3- Approval/Standard Work Day & Reporting Resolution/Required by: NYS Retirement System**

Legislator Gross made a motion to approve the Standard Work Day & Reporting Resolution/Required by: NYS Retirement System; Seconded by Legislator Nacerino. All in favor.

**Item #4- Discussion/Early Retirement Incentive Program**

Deputy County Executive Walker stated that NYSHIP is anticipating an increase in health care costs by \$1.2 million for 2014 and another \$1.3 million increase for pension. Therefore, for the 2014 budget season, a \$2.5 million short fall can be anticipated. He then mentioned a discussion he had with the committee members along with some others about a retirement incentive package for those who qualify. He would like this to move forward due to timing and budget.

Senior Deputy Attorney for Risk and Compliance Spadaccini spoke to this rise of health care costs stating that it will continue to rise over the next 20 years, using an approximate 10% per year increase, which she calls unsustainable. In order to combat this, she mentioned a proposal for a sliding scale downward that the committee best liked. Retirees in the past were faced with increases over time. With this proposal, retirees will be paying less as they age. This is a four-tier plan that will use increments of 5 starting at 25%; (25%, 20%, 15%, and 10%). The increments of this proposal will follow the flow of retiree's monetary situations.

Chair DiCarlo clarified that this will be for retirees, not new hires of 2014. This will not affect those who have already retired. This proposal is moving forward in a prospective, not retrospective manner.

Senior Deputy Attorney for Risk and Compliance Spadaccini stated that 72% of retirees are receiving a check back from the county. She also mentioned that at age 65 Part B reimbursement kicks in and this was used as a gauge for the proposed incentive, so at age 65 the increment will drop from the 25% at time of retirement to 20%. The reason this proposal is time sensitive is so that those employees who have entertained the thought of retiring have the time to consider this option so they can submit for retirement in 2014. This includes the 2010 incentive which has a cap of \$30,000.

Legislator LoBue stated concern about Senior Deputy Attorney for Risk and Compliance Spadaccini's want to move this out of committee so soon and the notification of employees.

Senior Deputy Attorney for Risk and Compliance Spadaccini stated that everything was in place and ready to be sent out if this was to pass. For instance, a non-binding letter of interest

regarding retiring would need to be submitted by August 30<sup>th</sup>. Then, an irrevocable letter of intent to retire would be submitted by September 20<sup>th</sup>.

Legislator LoBue made a point that the Full meeting is only a few weeks away and wanted to be sure that everyone had enough time to familiarize themselves and become comfortable with this proposal.

Legislator Oliverio pointed out that this is a choice for the employee to make, it is not mandatory.

Legislator Nacerino asked if the four tiers were a blanket percentage.

Senior Deputy Attorney for Risk and Compliance Spadaccini answered that yes this is a blanket percentage and clarified that every five years the percentage would decrease 5%.

Legislator Castellano inquired about what current retirees are paying.

Senior Deputy Attorney for Risk and Compliance Spadaccini answered in historical terms of the county stating that of the 327 total retirees, 272 retirees pay 5%, 20 pay 10%, 15 pay 15%, and 17 pay 20%.

Legislator Albano reiterated that this is an offer and therefore a choice of the employee, not a mandate.

Legislator Othmer expressed his support of the proposal and brought back an early point made of the projection of the rising health costs and how retirees are going to pay. Things will need to be done in the future and it is the responsible thing to do to set a plan in place now.

Legislator Nacerino agreed with Legislator Othmer and made a point to say that people are working longer to support themselves as they age. She also questioned if the starting 25% is too high.

Legislator Gross stated that he is in favor of these incentives. He also mentioned the low interest rates and the halt in growth of the pension funds. With pension systems, as the economy gets better, which it is, the pension system will get better as well, which he called great.

Legislator Oliverio again clarifies that this is an option and for those who are considering retiring will save money in the long run if they choose this incentive.

Legislator Othmer supports the percentage of payment decreasing as one's age increases. He also questioned dual medical coverage in instances where a couple takes both medical coverages (pertaining to couples how both work for New York State).

Senior Deputy Attorney for Risk and Compliance Spadaccini stated that they did explore that, which she referred to as Dual Family Coverage. She stated they found that only one couple who is using this and nine couples in CSEA who have dual vision and dental. If this dual coverage for the dental and vision was eliminated then the county would save \$33,000.

Kristina Geiger, County Employee, questioned the monetary portion. She requested that be explained again.

Senior Deputy Attorney for Risk and Compliance Spadaccini explained that the incentive is calculated on fully completed years of service. For the eligible employees the first ten years, the payment will be \$1,000 per year. For years eleven to fifteen, the payment will be \$1,250 per year and for any years exceeding 15 the payment will be \$1,500 per year with a cap of \$30,000.

Eileen Barrett, a county employee, asked when employees would need to be out by.

Senior Deputy Attorney for Risk and Compliance Spadaccini stated that the suggested leave date would be November 1st.

Legislator Nacerino questioned how long the retiree's position would be left vacant and what the impact of this vacancy upon the other employees would be.

Deputy County Executive Walker stated that this would be based on the number of letters of intent they receive and their cost to achieve. The cost they need to achieve is what they are spending in incentives to each retiring employee. Once it is determined how long it will take to achieve their cost, a percentage of time for vacancy is then calculated. However, if the time frame is too long, it would have a negative impact and would not be done. The purpose of offering such a package is to stabilize a budget on a going forward basis.

Legislator LoBue asked if current retirees are being looked at.

Senior Deputy Attorney for Risk and Compliance Spadaccini stated that everything is being looked at. She was given the assignment from Deputy County Executive Walker to review: Deferred Compensation, Unemployment and Life Insurance, Accidental Death and Dismemberment, Dental Benefits, Long Term Disability, Short Term Disability, Workers Compensation, Vision Benefits, Flexible Spending, Tuition Reimbursement and Health Insurance. He also directed that every group be reviewed. She then mentioned a matrix being created that includes years of service, pay scale, years to retirement, which health plan was taken, etc. and created a weighted scale.

Terry Wolf, County Employee, questioned pertaining the employees who are not given a choice to take this retirement incentive. She stated for example an employee from 2014 forward who has may not have 30 years. She questioned if they will have pay the 25% of their Health Insurance the first 5 years, because upon retirement, one's pension could be only \$15,000 or \$20,000 a year. A 25% payment could equal \$5,600 for health care per year.

Senior Deputy Attorney for Risk and Compliance Spadaccini stated that is correct they would.

Legislator Oliverio mentions that the private sector does not have pensions and therefore if one has enough years under their belt this incentive is a great thing. He stated that however constituents are tax payers paying these salaries and they do not have pensions. He stated that a balance needs to be found. However if someone wants to retire now, prior to 2014 they would be under the old system of the health insurance. They would not get the money incentive, but they would be under the old system, and in the long run that savings would be substantial.

Senior Deputy Attorney for Risk and Compliance Spadaccini stated this is correct.

Legislator Gross made a motion to approve the proposed Early Retirement Incentive Program; seconded by Legislator Nacerino. All in favor.

#### **Item #5-Other Business - None**

#### **Item #6- Adjournment**

There being no further business at 8:05 P.M., Legislator Gross made a motion to adjourn; seconded by Legislator Nacerino. All in favor.

Respectfully submitted by, Deputy Clerk of the Legislature - Diane E. Trabulsy