

The Sit Rep

Newsletter of the NYC Office of Emergency Management

Weighing the Ins and Outs of Pension Planning

Editor's Note



From a federal secretary's visit to two tornadoes, OEM has surely had an exciting quarter. Events both planned and unplanned kept this office overwhelmingly busy. Highlights from this Sit Rep include a suggestion for green-minded OEMers to recycle batteries at OEM headquarters and an explanation of the NYC pension for staffers planning for their retired futures. New York City is one of the few employers that still offers a defined benefits pension plan. It is complex and perhaps not sufficient for retirement, but it is guaranteed and open to all City employees. The feature story this quarter examines the pension and how it might appeal to various employee groups.

The New York City pension system may seem too complex to bother to understand, but its complexities have helped it survive as one of the last performing pension systems in the country. In 1980, 38% of Americans had a defined benefit pension as their primary retirement plan. By 1997, just 21% of Americans had such plans, according to the Pension Benefits Council. The decline mirrors a shift in the understanding of retirement responsibilities. Large organizations used to reward loyalty by promising comfortable retirement packages to employees, but in today's work environment, retirement planning is left to the individual.

Federal, state, and local governments are among the last employers that still offer pensions. As many as 31 states could see their pension plan assets dry up by 2030, according to a new study from the Kellogg School of Management at Northwestern University.

New York is not on this list, but even if the City did go bankrupt, the terms of the pension state that retirement benefits are among the first things to be paid out of the City's tax revenue. Basically that means that as long as New York City exists, so will the pension systems. That is good news for the more than 300,000 members who participate in NYC Employees' Retirement System (NYCERS). NYCERS is the largest public employee retirement system in the United States, covering all aspects of civil service, from clerical workers to uniformed employees like corrections officers and sanitation workers.

Pension benefits are defined by law and cannot be changed for anyone who has been accepted as a member. Any member can determine his or her future benefits by using an equation that combines the member's age, his or her City-employed years or credited service, and his or her

This installment shows that OEM was prolific both in the office and in the household. Nine babies were born to seven OEM staffers in just the last three months. OEM's Facebook page continues to win over fans and our annual potluck proved as scrumptious as always.

You may notice a stylistic difference in this Editor's Note. Chris Varley is off galivanting in Brazil, so he was unable to finish this quarter's Sit Rep. Continue sending story ideas and feedback to Chris, but feel free to contact Lisa Schulman (lschulman@oem.nyc.gov) if you feel she's more approachable. Believe me, I totally understand.

Pension Planning

final average salary. The greater these factors are, the greater the retirement benefits. Unfortunately, due to inflation and the rising cost of living, knowing the amount of money you will receive upon retirement is not a clear indicator of your future buying power.

For example, \$100 in 2009 had the same buying power as \$33.66 in 1979, according to the NYC Deferred Compensation Plan office. That means that in 30 years, the buying power of the dollar fell by almost two-thirds. While past inflation is not an indicator of future inflation, it should serve as a warning: it is difficult to predict the real buying power of a fixed amount of money in the future.

Even though the benefits of the NYC pension plan cannot be changed for participating members, the City and State can negotiate new terms for future members at any time. The pension system has been revised four times since it was formalized in 1920. During the recession in the 1970s the City created tiers 2 and 3 to reduce the burdens of the pension system on the City's dwindling finances. In 1983, the City created tier 4 to

return some of the benefits cut in tiers 2 and 3.

The tier 4 plan — the current plan — was modified in 1995 and again in 2000 to formalize the percentages employees must contribute to the pension. New York State has already passed a tier 5 plan, and rumors of a new tier for City employees are floating around. The details about how the benefits will change are still vague, but history suggests that tier 5 will follow the trajectory of the tiers 2, 3, and 4 and ask members to retire later while paying them lower interest rates on their contributions.

For example, members of tier 4 can retire at age 57 and earn a guaranteed 5% interest on their contributions, while members of tier 1 can retire at age 55 and they earn a guaranteed 8.25% interest on their contributions.

To clarify, the fixed interest rate does not really affect pension savings because the amount paid by the pension plan is not related to the amount an individual contributes. Instead it is governed by the equation: age + years of credited service + final average salary. The

only way an individual can collect the interest accrued on his or her contributions is to quit the pension system and ask for a refund of his or her contributions. NYCERS will repay all contributions and interest accrued for anyone who requests a refund, but individuals must make the request prior to their ten-year anniversary, when they are automatically vested in the pension system.

In addition to life-long annuity payments, there are also some side benefits to being a member of NYCERS. All members qualify for disability benefits, death benefits, and loans on their contributions without the hassle of credit checks. Check out the NYCERS website to learn more about these features.

Planning for retirement is a bit of a guessing game. The NYCERS pension system is just one piece of a puzzle and it may or may not fit into the future you picture. The City also offers 457 and a 401 (K) plans to help employees plan for retirement. Take this opportunity to think about how to build the future you want. The pension system may be around forever, but it's hard to know what the tiers will offer in the future.

MILESTONES



Congratulations to Camela Morada and David Hinderaker, who were married on August 7 in Portland, Maine. Carmela and

David will honeymoon later this year. However, Carmela couldn't bear the thought of returning to work immediately following her nuptials and rendezvoused with her mother for a week-long trip in Guatemala.

Congratulations to Jim and Susan Cho, who were married on August 21 in Princeton, New Jersey. Post-wedding, Jim and Susan enjoyed a fabulous honeymoon in Singapore, Lambok, and Bali, Indonesia.

On July 17, Michael Carone, son to our very own Richie Carone, won the world's largest academic competition, the National Forensic League's National Tournament. The tournament took place in Kansas City, Missouri, where Michael vied for the dramatic interpretation honor.

Michael had to perform his monologue 13 times before he won over the judges. Way to do Staten Island proud, Carones! Learn more about the competition at SIlive.com.



Baby Boom



Maxwell Xavier Mark
6/30/2010
9lbs, 7.5ozs
Born to Andrew and Katie Mark



Lucy Jane Davidson
7/1/2010
7 lbs, 10 ozs
Born to Will and Blaire Davidson



James Conrad and Jonathan Peter Van Pelt,
7/3/2010
4 lbs, 3 ozs and 4 lbs and 4 ozs
Born to Robert and Alexandra Van Pelt



Alexander (Sender) Samuel Tannenbaum
7/8/2010,
7 lbs., 14 ozs.
Born to Ira and Leah Tannenbaum



Matthew John Russo
7/9/2010
8lbs
Born to Matt and Michelle Russo



Leo Alex Scrivani
9/2/2010
8lbs, 7 ozs
Born to John and Michelle Scrivani



Cullen Albert and Martin Oscar Farrell
9/2/2010
6 lbs. 14 oz and 7 lbs. 13 oz
Born to Christina and Timmy Farrell

OEM NEWS

Napolitano Hits the EOC

On September 10, 2010, Homeland Security Secretary Janet Napolitano delivered a counterterrorism policy speech in the Emergency Operations Center here at OEM. Secretary Napolitano spoke before a crowd of first responders and OEM staff, as well as top administration officials.

Fan Our Facebook Page

Thanks to aggressive social media outreach during National Preparedness Month, OEM's Facebook

page now has nearly 3,000 fans. If you're not already a fan, sign up today and tell your friends to push our fan base over the 3,000 mark!

OEMers Learn Moulage



The moulage course on September 15 showed OEM and Fire Department participants the art of decorating people to look injured, which help make mock victims' symptoms apparent to first responders. Instructors taught participants to apply realistic burns, abrasions, and lacerations.

Bring In Your Batteries, Bring Down Your Impact

Did you know you can recycle old batteries at OEM? As part of the silver LEED certification process, OEM partnered with Battery Solutions (<http://www.batteryrecycling.com>) to recycle used batteries and cell phones at the agency's headquarters. A three-foot blue tube in the MIS quad on the second floor stands ready to accept all batteries and cell phones exhausted by the agency and its employees.

Americans purchase more than four billion dry cell batteries every year, according to the New York State Department of Environmental Conservation. When they run out of power, most people simply throw them out. Used batteries account for a small part of the total content discarded into landfills, but they are a concentrated source of heavy metals, like cadmium, lead, and mercury. These metals can leak out of landfills and contaminate surface waters and groundwater, posing a serious threat to public health.

In 1996, the US Congress passed the Mercury-Containing and Rechargeable Battery Management Act, which prevented manufacturers from using mercury in nearly all batteries. The same act outlined procedures for recycling nickel-cadmium batteries. The legislation was a great step in reducing the environmental impact caused by the millions of batteries dumped into landfills each year, but proper disposal of used batteries still lies with individuals.

A new law in the European Union requires any store that sells more than one pack of four AA batteries a day to provide in-store recycling for used batteries. The legislation came to pass after a study revealed that of the 30,000 tons of batteries sold in the UK every year, 97% eventually end up in landfills.

Similarly, many electronic stores in the United States provide in-store recycling for used batteries. The Dutch even print a graphic on every battery larger than AAA to remind people not to throw them in the trash.



Wet cell batteries, commonly known as car batteries, have the highest recycling rate in the US, 90%, due largely to how efficiently automotive shops and dealers harvest used car batteries. The responsibility for recycling dry cell batteries is a little more complicated. The wide variation in their sizes and make-up means they must be sorted and handled with care because of the harmful materials they contain.

Lead acid batteries, the kind that power your remote control and discman (remember those?), are smashed into pieces by a hammer and dropped into a vat of liquid to separate the different components. The heavy metals sink to the bottom while the plastics float to the top. The plastics are scooped off, washed and dried, and then melted into a liquid state. A special machine called an extruder turns the molten plastic into tiny plastic pellets, which are sold back to battery manufacturers to create new cases for new batteries.

The lead and other heavy metals that sink to the bottom of the solution are cleaned, heated in furnaces and poured into molds. Within minutes, impurities float to the top of the molten metals. After the impurities are scraped away, the lead is left to cool and sold to manufacturers.

The sulfuric acid that comes out of these batteries follows one of two paths: it is either combined with a compound similar to baking soda that neutralizes the acid

and turns it into water, or it is processed and converted into sodium sulfate, which is used in laundry detergents.

Nickel-cadmium batteries, used in power tools and remote-control cars, and lithium batteries, which power cameras and computers, also undergo a very specific recycling process. Check out the Battery Solutions website if you are interested in learning more.

History suggests the earliest form of batteries were invented in Baghdad more than 2000 years ago and were most likely used in jewelry-making. The first batteries as we know them, however, didn't reach store shelves until the beginning of the 1900s, when D batteries began powering flashlights.

In the last century our desire for a more powerful, more portable source of power has placed batteries at the forefront of the technological revolution. As the devices we rely on become increasingly portable, managing the long-term care of the batteries that power them becomes more important than ever.

Protect our water and environment. Bring your old batteries in to OEM and drop them in the blue recycling tube. And next time you need new batteries, consider getting some rechargeable ones. Two AA nickel-cadmium rechargeable batteries can replace up to 600 single-use batteries.

OEM Pot Luck 2010

Yummm

