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I N   S E N A T E

June 2, 2014

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Introduced by Sen. YOUNG -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

AN ACT to amend the retirement and social security law, in relation to creating an optional twenty year retirement plan for certain police officers and firefighters who are members of the New York state and local police and fire retirement system

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     Section 1. The retirement and social security law is amended by adding  
2 a new article 26 to read as follows:

3                                 ARTICLE 26

4                                 BENEFIT ENHANCEMENTS

5     SECTION 1400. NON-CONTRIBUTORY BASIS.

6                 1401. COLLECTIVE BARGAINING.

7                 1402. PAST SERVICE COSTS.

8     S 1400. NON-CONTRIBUTORY BASIS. (A) NOTWITHSTANDING THE PROVISIONS OF  
9 THIS CHAPTER OR ANY OTHER LAW TO THE CONTRARY A PARTICIPATING EMPLOYER  
10 IN THE NEW YORK STATE AND LOCAL POLICE AND FIRE RETIREMENT SYSTEM MAY  
11 ELECT TO PROVIDE ITS EMPLOYEES WHO ARE MEMBERS OF THE OPTIONAL TWENTY  
12 YEAR RETIREMENT PLAN FOR POLICE AND FIREFIGHTERS ELIGIBILITY TO PARTIC-  
13 IPATE ON A NON-CONTRIBUTORY BASIS.

14     (B) NO MEMBER WHO PARTICIPATES IN THIS NON-CONTRIBUTORY RETIREMENT  
15 PLAN SHALL BE ENTITLED TO A REFUND OF PREVIOUS CONTRIBUTIONS MADE TO THE  
16 CONTRIBUTORY TWENTY YEAR RETIREMENT PLAN.

17     S 1401. COLLECTIVE BARGAINING. A DEMAND IN COLLECTIVE BARGAINING NEGOTIATIONS FOR THE ADDITIONAL BENEFIT PROVIDED BY SECTION FOURTEEN HUNDRED OF THIS ARTICLE SHALL NOT BE SUBJECT TO THE PROVISIONS OF PARAGRAPH (B) OR (C) OF SUBDIVISION FOUR OF SECTION TWO HUNDRED NINE OF THE CIVIL SERVICE LAW, NOR SHALL SUCH DEMAND BE SUBJECT TO ANY PROVISION FOR INTEREST ARBITRATION CONTAINED IN ANY LOCAL LAW, RESOLUTION OR ORDINANCE ADOPTED BY ANY GOVERNMENTAL ENTITY PURSUANT TO SUBDIVISION ONE OF SECTION TWO HUNDRED TWELVE OF THE CIVIL SERVICE LAW.

25     S 1402. PAST SERVICE COSTS. ANY PARTICIPATING EMPLOYER THAT ELECTS THE  
26 ADDITIONAL BENEFITS PROVIDED BY THIS ARTICLE MAY ALSO ELECT TO PAY THE

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets [ ] is old law to be omitted.

LBD14986-01-4

1 PAST SERVICE COST ASSOCIATED WITH THIS BENEFIT IN TEN ANNUAL INSTALL-  
2 MENTS.

3 S 2. This act shall take effect immediately.

FISCAL NOTE.--Pursuant to Legislative Law, Section 50:

This bill will allow employers in the New York State and Local Police and Fire Retirement System which have elected to provide their employees with the benefits of the 20 year contributory retirement plan to elect to provide eligibility for their employees to participate on a non-contributory basis. Any member who participates on a non-contributory basis will not be entitled to a refund of previous member contributions.

If this bill is enacted, there will be an increase in the annual contributions of electing employers on behalf of their Tiers 3, 5, and 6 members. For the fiscal year ending March 31, 2015, the percentage of salary increases will be 3.7% for tier 3 members, 4.1% for tier 5 384-d, 4.0% for tier 5 384-e, 7.7% for tier 6 384-d and 384-e. These costs will be borne by the employers which elect to provide this benefit.

There will not be a past service cost.

Summary of relevant resources:

The membership data used in measuring the impact of the proposed change was the same as that used in the March 31, 2013 actuarial valuation. Distributions and other statistics can be found in the 2013 Report of the Actuary and 2013 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2010, 2011, 2012 and 2013 Annual Report to the Comptroller on Actuarial Assumptions, and the Codes Rules and Regulations of the State of New York: Audit and Control.

The Market Assets and GASB Disclosures are found in the March 31, 2013 New York State and Local Retirement System Financial Statements and Supplementary Information.

I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the statement of actuarial opinion contained herein.

This estimate, dated April 14, 2014, and intended for use only during the 2014 Legislative Session, is Fiscal Note No. 2014-116, prepared by the Actuary for the New York State and Local Police and Fire Retirement System and the New York State and Local Employees' Retirement System.