

STATE OF NEW YORK

7762

2017-2018 Regular Sessions

IN ASSEMBLY

May 12, 2017

Introduced by M. of A. WALKER -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to allowable service credit for participants in the twenty-five year and age fifty-five retirement program for New York city transit authority members

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraph 6 of subdivision a of section 604-b of the
2 retirement and social security law, as added by chapter 529 of the laws
3 of 1994, is amended to read as follows:

4 6. (i) "Allowable service in the transit authority" shall mean credit-
5 ed service which was rendered as a member of the New York city transit
6 authority~~[-]~~; and

7 (ii) "Allowable service" shall mean credited service which was
8 rendered as a member of the New York city transit authority and all
9 service rendered prior to service in the New York city transit authority
10 which qualifies as "city-service" as that term is defined in section
11 13-101 of the administrative code.

12 § 2. Paragraph 7 of subdivision a of section 604-b of the retirement
13 and social security law, as added by chapter 529 of the laws of 1994, is
14 amended to read as follows:

15 7. "Minimum period" shall mean the minimum period of twenty-five years
16 of allowable service ~~in the transit authority~~ that is required in
17 order for a participant in the twenty-five-year and age fifty-five
18 retirement program to be eligible for early service retirement pursuant
19 to paragraph one of subdivision c of this section.

20 § 3. Subparagraph (i) of paragraph 1 of subdivision c of section 604-b
21 of the retirement and social security law, as added by chapter 529 of
22 the laws of 1994, is amended to read as follows:

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

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1 (i) who has completed twenty-five or more years of allowable service
2 [~~in the transit authority~~]; and

3 § 4. Subparagraph (ii) of paragraph 1 of subdivision d of section
4 604-b of the retirement and social security law, as amended by chapter
5 18 of the laws of 2012, is amended to read as follows:

6 (ii) in the case of a participant who is not a New York city revised
7 plan member, prior to such discontinuance, completed five but less than
8 twenty-five years of allowable service [~~in the transit authority~~] or, in
9 the case of a participant who is a New York city revised plan member,
10 has completed ten but less than twenty-five years of allowable service
11 [~~in the transit authority~~] prior to such discontinuance; and

12 § 5. Subparagraph (ii) of paragraph 2 of subdivision d of section
13 604-b of the retirement and social security law, as added by chapter 352
14 of the laws of 1997, is amended to read as follows:

15 (ii) prior to such discontinuance completed twenty-five years of
16 allowable service [~~in the transit authority~~]; and

17 § 6. Clause (A) of subparagraph (ii) of paragraph 8 of subdivision e
18 of section 604-b of the retirement and social security law, as added by
19 chapter 529 of the laws of 1994, is amended to read as follows:

20 (A) Should a participant in the twenty-five-year and age fifty-five
21 retirement program who has rendered less than twenty-five-years of
22 allowable service [~~in the transit authority~~] cease to hold a position as
23 a New York city transit authority member for any reason whatsoever, his
24 or her accumulated additional member contributions made pursuant to this
25 subdivision (together with any interest thereon paid to the retirement
26 system) [~~maybe~~] may be withdrawn by him or her pursuant to procedures
27 promulgated in regulations of the board of trustees of the retirement
28 system, together with interest thereon at the rate of five percent per
29 annum, compounded annually.

30 § 7. This act shall take effect immediately.

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

PROVISIONS OF PROPOSED LEGISLATION: The proposed legislation would
amend Retirement and Social Security Law (RSSL) Section 604-b to permit
eligible New York City Employees' Retirement System (NYCERS) members in
the Tier 4 or Tier 6 Twenty-Five Year and Age Fifty-Five Retirement
Program for New York City Transit Authority Members (Transit 25/55 Plan)
to purchase certain furlough time for Allowable Service credit in the
Plan.

The Effective Date of the proposed legislation would be the date of
enactment.

To be eligible to purchase furlough time, an individual must:

be a current NYCERS Transit 25/55/ Plan member,
have been on a preferred eligible list anytime on and after May 11,
2010 to July 25, 2012, inclusive, because of the abolition of his or her
position by the Transit Authority, and

have been a member or former member of the Transit 25/55 Plan at the
time his or her name was placed on such list.

In order to receive Allowable Service credit in the Transit 25/55
Plan, an eligible member must make any applicable contributions to
NYCERS, with interest, for the period of eligible furlough time. The
period of purchased furlough time shall be considered Allowable Service
in the Transit Authority for all purposes in the Transit 25/55 Plan,
including eligibility for and calculation of benefits.

For purposes of this Fiscal Note, it is assumed that eligible Transit
25/55 Plan Members who purchase applicable furlough time would be ineli-

gible to receive service credit in any public retirement system within the State, including NYCERS, for the same period of time.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES: With respect to NYCERS and based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Actuarial Present Value (APV) of Benefits (APVB) by approximately \$1,180,000. In addition, there would be an increase in the APV of Future Employer Contributions of \$1,186,000.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with the Administrative Code of the City of New York (ACNY) Section 13.638.2(k-2), new UAAL attributable to benefit changes are to be amortized as determined by the Actuary but generally over the remaining working lifetime of the Transit Authority members that would be impacted by the proposed legislation is approximately 13 years.

With respect to NYCERS based on the actuarial assumptions and methods used in the Preliminary June 30, 2016 valuations of NYCERS, the enactment of this proposed legislation would increase annual employer contributions by approximately \$160,000 per year beginning in Fiscal Year 2019.

OTHER COSTS: Not measured in this Fiscal Note are the initial, additional administrative costs of NYCERS and other New York City agencies to implement the proposed legislation.

CENSUS DATA: The starting census data used for the calculations presented herein is the census data used in the Preliminary June 30, 2016 (Lag) actuarial valuation of NYCERS. This data was supplemented by additional service data provided by NYCERS for 156 Transit Authority employees who would benefit under the proposed legislation. These 156 members had an average age of approximately 46.7, average service of approximately 10.3 years (11.1 years after reflecting purchase of furlough time if the proposed legislation is enacted), and an average salary of approximately \$68,000.

ACTUARIAL ASSUMPTIONS AND METHODS: The additional employer contributions presented herein have been calculated based on the actuarial assumptions and methods in effect for the Preliminary June 30, 2016 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2018 employer contributions of NYCERS.

Employer contributions under current methodology have been estimated assuming the additional APVB would be financed through future normal contributions including an amortization of the new UAAL attributable to this proposed legislation over a 13-year period (12 payments under the One-Year Lag Methodology).

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Pension Funds and Retirement Systems. I am a Fellow of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

FISCAL NOTE IDENTIFICATION: This Fiscal Note 2017-15 dated May 9, 2017 was prepared by the Chief Actuary for 5th New York City Employees' Retirement System. This estimate is intended for use only during the 2017 Legislative Session.