

STATE OF NEW YORK

5251

2019-2020 Regular Sessions

IN SENATE

April 18, 2019

Introduced by Sen. GOUNARDES -- 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 and the administrative code of the city of New York, in relation to the establishment of twenty-five year retirement programs for members of the New York city employees' retirement system employed as water supply police; and in relation to providing for employer pick up, pursuant to provisions of the internal revenue code, of certain additional member contributions required to be made by certain participants in the twenty-five year retirement programs; and providing for the repeal of certain provisions upon expiration thereof

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

- 1 Section 1. Subdivision b of section 440 of the retirement and social
2 security law, as amended by chapter 682 of the laws of 2003, is amended
3 to read as follows:
4 b. The provisions of this article shall not be construed to extend
5 coverage to an employee not otherwise eligible for membership in a
6 retirement system or to provide an increase in benefits to a member of a
7 retirement system other than as provided by section four hundred forty-
8 five-d, or section four hundred forty-five-f, ~~[or]~~ section four hundred
9 forty-five-h, section four hundred forty-five-j, or section four hundred
10 forty-eight of this article.
11 § 2. Subdivision a of section 444 of the retirement and social securi-
12 ty law, as amended by section 141 of subpart B of part C of chapter 62
13 of the laws of 2011, is amended to read as follows:
14 a. Except as provided in subdivision c of section four hundred forty-
15 five-a of this article, subdivision c of section four hundred forty-
16 five-b of this article, subdivision c of section four hundred forty-
17 five-c of this article, subdivision c of section four hundred
18 forty-five-d of this article as added by chapter four hundred seventy-

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

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two of the laws of nineteen hundred ninety-five, subdivision c of section four hundred forty-five-e of this article, subdivision c of section four hundred forty-five-f of this article and subdivision c of section four hundred forty-five-h of this article, and subdivision c of section four hundred forty-five-j of this article, the maximum retirement benefit computed without optional modification provided to a member of a retirement system who is subject to the provisions of this article, other than a police officer, a firefighter, an investigator member of the New York city employees' retirement system, a member of the uniformed personnel in institutions under the jurisdiction of the New York city department of correction who receives a performance of duty disability retirement allowance, a member of the uniformed personnel in institutions under the jurisdiction of the department of corrections and community supervision or a security hospital treatment assistant, as those terms are defined in subdivision i of section eighty-nine of this chapter, who receives a performance of duty disability retirement allowance, a member of a teachers' retirement system, New York city employees' retirement system, New York city board of education retirement system or a member of the New York state and local employees' retirement system or a member of the New York city employees' retirement system or New York city board of education retirement system employed as a special officer, parking control specialist, school safety agent, campus peace officer, taxi and limousine inspector ~~[or]~~, a police communications member, or a member of the water supply police and who receives a performance of duty disability pension, from funds other than those based on a member's own or increased-take-home-pay contributions, shall, before any reduction for early retirement, be sixty per centum of the first fifteen thousand three hundred dollars of final average salary, and fifty per centum of final average salary in excess of fifteen thousand three hundred dollars, and forty per centum of final average salary in excess of twenty-seven thousand three hundred dollars, provided, however, that the benefits provided by subdivision c of section four hundred forty-five-d of this article as added by chapter four hundred seventy-two of the laws of nineteen hundred ninety-five based upon the additional member contributions required by subdivision d of such section four hundred forty-five-d shall be subject to the maximum retirement benefit computations set forth in this section. The maximum retirement benefit computed without optional modification payable to a police officer, an investigator member of the New York city employees' retirement system or a firefighter shall equal that payable upon completion of thirty years of service, except that the maximum service retirement benefit computed without optional modification shall equal that payable upon completion of thirty-two years of service.

§ 3. Subdivision a of section 445 of the retirement and social security law, as amended by chapter 476 of the laws of 2018, is amended to read as follows:

a. No member of a retirement system who is subject to the provisions of this article shall retire without regard to age, exclusive of retirement for disability, unless he or she is a police officer, an investigator member of the New York city employees' retirement system, firefighter, correction officer, a qualifying member as defined in section eighty-nine-t of this chapter, as added by chapter six hundred fifty-seven of the laws of nineteen hundred ninety-eight, ~~[of this chapter]~~, sanitation worker, a special officer (including persons employed by the city of New York in the title urban park ranger or associate urban park ranger), school safety agent, campus peace officer or a taxi and limou-

1 sine commission inspector member of the New York city employees' retire-
2 ment system or the New York city board of education retirement system, a
3 dispatcher member of the New York city employees' retirement system, a
4 police communications member of the New York city employees' retirement
5 system, a member of the water supply police in a position referred to in
6 paragraph (o) of subdivision thirty-four of section 1.20 of the criminal
7 procedure law, an EMT member of the New York city employees' retirement
8 system, a deputy sheriff member of the New York city employees' retire-
9 ment system, a correction officer of the Westchester county correction
10 department as defined in section eighty-nine-e of this chapter or
11 employed in Suffolk county as a peace officer, as defined in section
12 eighty-nine-s of this chapter, as added by chapter five hundred eighty-
13 eight of the laws of nineteen hundred ninety-seven, [~~of this chapter,~~]
14 employed in Suffolk county as a correction officer, as defined in
15 section eighty-nine-f of this chapter, or employed in Nassau county as a
16 correction officer, uniformed correction division personnel, sheriff,
17 undersheriff or deputy sheriff, as defined in section eighty-nine-g of
18 this chapter, or employed in Nassau county as an ambulance medical tech-
19 nician, an ambulance medical technician/supervisor or a member who
20 performs ambulance medical technician related services, as defined in
21 section eighty-nine-s of this chapter, as amended by chapter five
22 hundred seventy-eight of the laws of nineteen hundred ninety-eight, [~~of~~
23 ~~this chapter,~~] or employed in Nassau county as a peace officer, as
24 defined in section eighty-nine-s of this chapter, as added by chapter
25 five hundred ninety-five of the laws of nineteen hundred ninety-seven,
26 [~~of this chapter,~~] or employed in Albany county as a sheriff, undersher-
27 iff, deputy sheriff, correction officer or identification officer, as
28 defined in section eighty-nine-h of this chapter or is employed in St.
29 Lawrence county as a sheriff, undersheriff, deputy sheriff or correction
30 officer, as defined in section eighty-nine-i of this chapter or is
31 employed in Orleans county as a sheriff, undersheriff, deputy sheriff or
32 correction officer, as defined in section eighty-nine-l of this chapter
33 or is employed in Jefferson county as a sheriff, undersheriff, deputy
34 sheriff or correction officer, as defined in section eighty-nine-j of
35 this chapter or is employed in Onondaga county as a deputy sheriff-jail
36 division competitively appointed or as a correction officer, as defined
37 in section eighty-nine-k of this chapter or is employed in a county
38 which makes an election under subdivision j of section eighty-nine-p of
39 this chapter as a sheriff, undersheriff, deputy sheriff or correction
40 officer as defined in such section eighty-nine-p or is employed in
41 Broome County as a sheriff, undersheriff, deputy sheriff or correction
42 officer, as defined in section eighty-nine-m of this chapter or is a
43 Monroe county deputy sheriff-court security, or deputy sheriff-jailor as
44 defined in section eighty-nine-n of this chapter, as added by chapter
45 five hundred ninety-seven of the laws of nineteen hundred ninety-one,
46 [~~of this chapter~~] or is employed in Greene county as a sheriff, under-
47 sheriff, deputy sheriff or correction officer, as defined in section
48 eighty-nine-o of this chapter or is a traffic officer with the town of
49 Elmira as defined in section eighty-nine-q of this chapter or is
50 employed by Suffolk county as a park police officer, as defined in
51 section eighty-nine-r of this chapter or is a peace officer employed by
52 a county probation department as defined in section eighty-nine-t of
53 this chapter, as added by chapter six hundred three of the laws of nine-
54 teen hundred ninety-eight, [~~of this chapter~~] or is employed in Rockland
55 county as a deputy sheriff-civil as defined in section eighty-nine-v of
56 this chapter as added by chapter four hundred forty-one of the laws of

1 two thousand one, or is employed in Rockland county as a superior
2 correction officer as defined in section eighty-nine-v of this chapter
3 as added by chapter five hundred fifty-six of the laws of two thousand
4 one or is a paramedic employed by the police department in the town of
5 Tonawanda and retires under the provisions of section eighty-nine-v of
6 this chapter, as added by chapter four hundred seventy-two of the laws
7 of two thousand one, or is a county fire marshal, supervising fire
8 marshal, fire marshal, assistant fire marshal, assistant chief fire
9 marshal or chief fire marshal employed by the county of Nassau as
10 defined in section eighty-nine-w of this chapter and is in a plan which
11 permits immediate retirement upon completion of a specified period of
12 service without regard to age. Except as provided in subdivision c of
13 section four hundred forty-five-a of this article, subdivision c of
14 section four hundred forty-five-b of this article, subdivision c of
15 section four hundred forty-five-c of this article, subdivision c of
16 section four hundred forty-five-d of this article, subdivision c of
17 section four hundred forty-five-e of this article, subdivision c of
18 section four hundred forty-five-f of this article [and], subdivision c
19 of section four hundred forty-five-h of this article, and subdivision c
20 of section four hundred forty-five-j of this article, a member in such a
21 plan and such an occupation, other than a police officer or investigator
22 member of the New York city employees' retirement system or a firefight-
23 er, shall not be permitted to retire prior to the completion of twenty-
24 five years of credited service; provided, however, if such a member in
25 such an occupation is in a plan which permits retirement upon completion
26 of twenty years of service regardless of age, he or she may retire upon
27 completion of twenty years of credited service and prior to the
28 completion of twenty-five years of service, but in such event the bene-
29 fit provided from funds other than those based on such a member's own
30 contributions shall not exceed two per centum of final average salary
31 per each year of credited service.

32 § 4. The retirement and social security law is amended by adding a new
33 section 445-j to read as follows:

34 § 445-j. Optional twenty-five year improved benefit retirement program
35 for water supply police members. a. Definitions. The following words and
36 phrases as used in this section shall have the following meanings unless
37 a different meaning is plainly required by the context.

38 1. "Retirement system" shall mean the New York city employees' retire-
39 ment system.

40 2. "Water supply police member" shall mean a member of the retirement
41 system who is subject to the provisions of this article, who is employed
42 by the city of New York in a position referred to by paragraph (o) of
43 subdivision thirty-four of section 1.20 of the criminal procedure law.

44 3. "Twenty-five year improved benefit retirement program" shall mean
45 all the terms and conditions of this section.

46 4. "Starting date of the twenty-five year improved benefit retirement
47 program" shall mean the effective date of this section, as such date is
48 certified pursuant to section forty-one of the legislative law.

49 5. "Participant in the twenty-five year improved benefit retirement
50 program" shall mean any water supply police member who, under the appli-
51 cable provisions of subdivision b of this section, is entitled to the
52 rights, benefits and privileges and is subject to the obligations of the
53 twenty-five year improved benefit retirement program, as applicable to
54 him or her.

55 6. "Administrative code" shall mean the administrative code of the
56 city of New York.

1 7. "Accumulated deductions" shall mean accumulated deductions as
2 defined in subdivision eleven of section 13-101 of the administrative
3 code.

4 8. "Optional retirement provisions" shall mean the right to retire and
5 receive a retirement allowance under this section upon the completion of
6 twenty-five years of credited service.

7 b. Election of twenty-five year improved benefit retirement program.
8 1. Subject to the provisions of paragraphs five and six of this subdivi-
9 sion, any person who is a water supply police member on the starting
10 date of the twenty-five year improved benefit retirement program may
11 elect to become a participant in the twenty-five year improved benefit
12 retirement program by filing, within one hundred eighty days after such
13 starting date, a duly executed application for such participation with
14 the retirement system, provided he or she is such a water supply police
15 member on the date such application is filed.

16 2. Subject to the provisions of paragraphs five and six of this subdivi-
17 sion, any person who becomes a water supply police member after the
18 starting date of the twenty-five year improved benefit retirement
19 program may elect to become a participant in the twenty-five year
20 improved benefit retirement program by filing, within one hundred eighty
21 days after becoming such a water supply police member, a duly executed
22 application for such participation with the retirement system, provided
23 he or she is such a water supply police member on the date such applica-
24 tion is filed.

25 3. Any election to be a participant in the twenty-five year improved
26 benefit retirement program shall be irrevocable.

27 4. Where any participant in the twenty-five year improved benefit
28 retirement program shall cease to hold a position as a water supply
29 police member, he or she shall cease to be such a participant and,
30 during any period in which such a person does not hold such a water
31 supply police position, he or she shall not be a participant in the
32 twenty-five year improved benefit retirement program and shall not be
33 eligible for the benefits of subdivision c of this section.

34 5. Where any participant in the twenty-five year improved benefit
35 retirement program terminates service as a water supply police member
36 and returns to such service as a water supply police member at a later
37 date, he or she shall again become such a participant on that date.

38 6. Notwithstanding any other provision of law to the contrary, any
39 person who is eligible to become a participant in the twenty-five year
40 improved benefit retirement program pursuant to paragraph one or two of
41 this subdivision for the full one hundred eighty day period provided for
42 in such applicable paragraph and who fails to timely file a duly
43 executed application for such participation with the retirement system,
44 shall not thereafter be eligible to become a participant in such
45 program.

46 c. Service retirement benefits. Notwithstanding any other provision of
47 law to the contrary, where a participant in the twenty-five year
48 improved benefit retirement program, who is otherwise qualified for a
49 retirement allowance pursuant to the optional retirement provisions set
50 forth in subdivision a of this section, has made and/or paid, while he
51 or she is a water supply police member, all additional member contrib-
52 utions and interest (if any) required by subdivision d of this section,
53 then:

54 1. that participant, while he or she remains a participant, shall not
55 be subject to the provisions of subdivision a of section four hundred
56 forty-five of this article; and

1 2. if that participant, while such a participant, retires from
2 service, he or she shall not be subject to the provisions of section
3 four hundred forty-four of this article; and

4 3. his or her retirement allowance shall be an amount, on account of
5 the required minimum period of service, equal to the sum of (i) an annu-
6 ity which shall be the actuarial equivalent of the accumulated
7 deductions from his or her pay during such period, (ii) a pension for
8 increased-take-home-pay which shall be the actuarial equivalent of the
9 reserve for increased-take-home-pay to which he or she may be entitled
10 for such period, and (iii) a pension which, when added to such annuity
11 and such pension for increased-take-home-pay, produces a retirement
12 allowance equal to fifty percent of his or her final average salary,
13 plus an amount for each additional year of allowable service, or frac-
14 tion thereof, beyond such required minimum period of service equal to
15 two percent of his or her final average salary; and

16 4. the maximum retirement benefit computed without optional modifica-
17 tion payable to that participant upon his or her retirement for service
18 as such a participant shall equal that payable upon completion of thirty
19 years of service.

20 d. Additional member contributions. 1. In addition to the member
21 contributions required pursuant to section 13-125 or section 13-162 of
22 the administrative code, each participant in the twenty-five year
23 improved benefit retirement program shall contribute, subject to the
24 applicable provisions of section 13-125.2 of the administrative code, an
25 additional six percent of his or her compensation earned from (i) all
26 credited service, as a participant in the twenty-five year improved
27 benefit retirement program, rendered on and after the starting date of
28 the improved benefit retirement program, and (ii) all credited service
29 after such person ceases to be a participant, but before he or she again
30 becomes a participant pursuant to paragraph five of subdivision b of
31 this section. A participant in the twenty-five year improved benefit
32 retirement program shall contribute additional member contributions
33 until the later of (i) the date as of which he or she is eligible to
34 retire with twenty-five years of credited service under such retirement
35 program, or (ii) the first anniversary of the starting date of the twen-
36 ty-five year improved benefit retirement program. The additional
37 contributions required by this paragraph shall be in lieu of additional
38 member contributions required by subdivision d of section four hundred
39 forty-five-d of this article, as added by chapter ninety-six of the laws
40 of nineteen hundred ninety-five, and no member paying additional
41 contributions pursuant to this section shall be required to pay addi-
42 tional contributions pursuant to such subdivision d of section four
43 hundred forty-five-d of this article.

44 2. Commencing with the first full payroll period after each person
45 becomes a participant in the twenty-five year improved benefit retire-
46 ment program, additional member contributions at the rate specified in
47 paragraph one of this subdivision shall be deducted, subject to the
48 applicable provisions of section 13-125.2 of the administrative code,
49 from the compensation of such participant on each and every payroll of
50 such participant for each and every payroll period for which he or she
51 is such a participant.

52 3. (i) Subject to the provisions of subparagraph (ii) of this para-
53 graph, where any additional member contributions required by paragraph
54 one of this subdivision are not paid by deductions from a participant's
55 compensation pursuant to paragraph two of this subdivision:

1 (A) that participant shall be charged with a contribution deficiency
2 consisting of such unpaid amounts, together with interest thereon,
3 compounded annually; and

4 (B) such interest on each amount of undeducted contributions shall
5 accrue from the end of the payroll period for which such amount would
6 have been deducted from compensation if he or she had been a participant
7 at the beginning of that payroll period and such deductions had been
8 required for such payroll period until such amount is paid to the
9 retirement system; and

10 (C) (1) interest on each such amount included in such participant's
11 contribution deficiency pursuant to this subparagraph shall be calcu-
12 lated as if such additional member contributions never had been paid by
13 such participant, and such interest shall accrue from the end of the
14 payroll period to which an amount of such additional member contrib-
15 utions is attributable, compounded annually, until such amount is paid
16 to the retirement system.

17 (2) the rate of interest to be applied to each such amount during the
18 period for which interest accrues on that amount shall be equal to the
19 rate or rates of interest required by law to be used during that same
20 period to credit interest on the accumulated deductions of retirement
21 system members.

22 (ii) Except as provided in subparagraph (iii) of this paragraph, no
23 interest shall be due on any unpaid additional contributions which are
24 not attributable to the period prior to the first full payroll period
25 referred to in paragraph two of this subdivision.

26 (iii) Should any person who, pursuant to paragraph seven of this
27 subdivision, has withdrawn any additional member contributions (and any
28 interest paid thereon) again become a participant in the twenty-five
29 year improved benefit retirement program pursuant to paragraph five of
30 subdivision b of this section, an appropriate amount shall be included
31 in such participant's contribution deficiency (including interest there-
32 on as calculated pursuant to subclause two of clause (C) of subparagraph
33 (i) of this paragraph) for any credited service with respect to which
34 such person received a refund of additional member contributions
35 (including any amount of an unpaid loan balance deemed to have been
36 returned to such person pursuant to paragraph seven of this subdivi-
37 sion), as if such additional member contributions never had been paid.

38 4. The board of trustees of the retirement system may, consistent with
39 the provisions of this subdivision, promulgate regulations for the
40 payment of the additional member contributions required by this subdivi-
41 sion, and any interest thereon, by a participant in the twenty-five year
42 improved benefit retirement program (including the deduction of such
43 contributions, and any interest thereon, from his or her compensation).

44 5. Where a participant who is otherwise eligible for service retire-
45 ment pursuant to subdivision c of this section did not, prior to the
46 effective date of retirement, pay the entire amount of a contribution
47 deficiency chargeable to him or her pursuant to paragraph three of this
48 subdivision, or repay the entire amount of a loan of his or her addi-
49 tional member contributions pursuant to paragraph eight of this subdivi-
50 sion (including accrued interest on such loan), that participant, never-
51 theless, shall be eligible to retire pursuant to subdivision c of this
52 section, provided, however, that where such participant is not entitled
53 to a refund of additional member contributions pursuant to paragraph
54 seven of this subdivision, such participant's service retirement benefit
55 calculated pursuant to the applicable provisions of subdivision c of
56 this section shall be reduced by a life annuity (calculated in accord-

1 ance with the method set forth in subdivision i of section six hundred
2 thirteen-b of this chapter) which is actuarially equivalent to:

3 (i) the amount of any unpaid contribution deficiency chargeable to
4 such member pursuant to paragraph three of this subdivision; plus

5 (ii) the amount of any unpaid balance of a loan of his or her addi-
6 tional member contributions pursuant to paragraph eight of this subdivi-
7 sion (including accrued interest on such loan).

8 6. Subject to the provisions of paragraph five of this subdivision,
9 where a participant has not paid in full any contribution deficiency
10 chargeable to him or her pursuant to paragraph three of this subdivi-
11 sion, and a benefit, other than a refund of a member's accumulated
12 deductions or a refund of additional member contributions pursuant to
13 paragraph seven of this subdivision, becomes payable by the retirement
14 system to the participant or to his or her designated beneficiary or
15 estate, the actuarial equivalent of any such unpaid amount shall be
16 deducted from the benefit otherwise payable.

17 7. (i) All additional member contributions required by this subdivi-
18 sion (and any interest thereon) which are received by the retirement
19 system shall be paid into its contingent reserve fund and shall be the
20 property of the retirement system. Such additional member contributions
21 (and any interest thereon) shall not for any purpose be deemed to be
22 member contributions or accumulated deductions of a member of the
23 retirement system under section 13-125 or section 13-162 of the adminis-
24 trative code while he or she is a participant in the twenty-five year
25 improved benefit retirement program or otherwise.

26 (ii) Should a participant in the twenty-five year improved benefit
27 retirement program, who has rendered less than five years of credited
28 service cease to hold a position as a water supply police member for any
29 reason whatsoever, his or her accumulated additional member contrib-
30 utions made pursuant to this subdivision (together with any interest
31 thereon paid to the retirement system) which remain credited to such
32 participant's account may be withdrawn by him or her pursuant to proce-
33 dures promulgated in regulations of the board of trustees of the retire-
34 ment system, together with interest thereon at the rate of interest
35 required by law to be used to credit interest on the accumulated
36 deductions of retirement system members compounded annually.

37 (iii) Notwithstanding any other provision of law to the contrary, (A)
38 no person shall be permitted to withdraw from the retirement system any
39 additional member contributions paid pursuant to this subdivision or any
40 interest paid thereon, except pursuant to and in accordance with the
41 preceding subparagraphs of this paragraph; and (B) no person, while he
42 or she is a participant in the twenty-five year improved benefit retire-
43 ment program, shall be permitted to withdraw any such additional member
44 contributions or any interest paid thereon pursuant to any of the
45 preceding subparagraphs of this paragraph or otherwise.

46 8. A participant in the twenty-five year improved benefit retirement
47 program shall be permitted to borrow from his or her additional member
48 contributions, including any interest paid thereon, which are credited
49 to the additional contributions account established for such participant
50 in the contingent reserve fund of the retirement system. The borrowing
51 from such additional member contributions pursuant to this paragraph
52 shall be governed by the same rights, privileges, obligations and proce-
53 dures set forth in section six hundred thirteen-b of this chapter which
54 govern the borrowing by members subject to article fifteen of this chap-
55 ter of member contributions made pursuant to section six hundred thir-
56 teen of this chapter. The board of trustees of the retirement system

1 may, consistent with the provisions of this subdivision and the
2 provisions of section six hundred thirteen-b of this chapter as made
3 applicable to this subdivision, promulgate regulations governing the
4 borrowing of such additional member contributions.

5 9. Wherever a person has an unpaid balance of a loan of his or her
6 additional member contributions pursuant to paragraph eight of this
7 subdivision at the time he or she becomes entitled to a refund of his or
8 her additional member contributions pursuant to subparagraph (ii) of
9 paragraph seven of this subdivision, the amount of such unpaid loan
10 balance (including accrued interest) shall be deemed to have been
11 returned to such member, and the refund of such additional contributions
12 shall be the net amount of such contributions, together with interest
13 thereon in accordance with the provisions of such subparagraph.

14 10. Notwithstanding any other provision of law to the contrary, the
15 provisions of section one hundred thirty-eight-b of this chapter shall
16 not be applicable to the additional member contributions which are
17 required by this subdivision.

18 11. Notwithstanding any other provision of law to the contrary, the
19 additional member contributions which are required by this subdivision
20 shall not be reduced under any program for increased-take-home-pay.

21 § 5. The retirement and social security law is amended by adding a new
22 section 604-j to read as follows:

23 § 604-j. Twenty-five year retirement program for water supply police
24 members. a. Definitions. The following words and phrases as used in
25 this section shall have the following meanings unless a different mean-
26 ing is plainly required by the context.

27 1. "Water supply police member" shall mean a member of the retirement
28 system who is employed by the city of New York in a position referred to
29 by paragraph (o) of subdivision thirty-four of section 1.20 of the crim-
30 inal procedure law.

31 2. "Twenty-five year retirement program" shall mean all the terms and
32 conditions of this section.

33 3. "Starting date of the twenty-five year retirement program" shall
34 mean the effective date of this section, as such date is certified
35 pursuant to section forty-one of the legislative law.

36 4. "Participant in the twenty-five year retirement program" shall mean
37 any water supply police member who, under the applicable provisions of
38 subdivision b of this section, is entitled to the rights, benefits and
39 privileges and is subject to the obligations of the twenty-five year
40 retirement program, as applicable to him or her.

41 5. "Discontinued member" shall mean a participant in the twenty-five
42 year retirement program who, while he or she was a water supply police
43 member, discontinued service as such a member and has a right to a
44 deferred vested benefit under subdivision d of this section.

45 6. "Administrative code" shall mean the administrative code of the
46 city of New York.

47 b. Participation in twenty-five year retirement program. 1. Subject
48 to the provisions of paragraphs six and seven of this subdivision, any
49 person who is a water supply police member on the starting date of the
50 twenty-five year retirement program and who, as such a water supply
51 police member or otherwise last became subject to the provisions of this
52 article prior to such starting date, may elect to become a participant
53 in the twenty-five year retirement program by filing, within one hundred
54 eighty days after the starting date of the twenty-five year retirement
55 program, a duly executed application for such participation with the
56 retirement system of which such person is a member, provided he or she

1 is such a water supply police member on the date such application is
2 filed.

3 2. Subject to the provisions of paragraphs six and seven of this
4 subdivision, any person who becomes a water supply police member after
5 the starting date of the twenty-five year retirement program and who, as
6 such a water supply police member or otherwise, last became subject to
7 the provisions of this article prior to such starting date, may elect to
8 become a participant in the twenty-five year retirement program by
9 filing, within one hundred eighty days after becoming such a water
10 supply police member, a duly executed application for such participation
11 with the retirement system for which such person is a member, provided
12 he or she is such a water supply police member on the date such applica-
13 tion is filed.

14 3. Any election to be a participant in the twenty-five year retirement
15 program shall be irrevocable.

16 4. Each water supply police member who becomes subject to the
17 provisions of this article on or after the starting date of the twenty-
18 five year retirement program shall become a participant in the twenty-
19 five year retirement program on the date he or she becomes such a water
20 supply police member. Provided, however, a person subject to this para-
21 graph who has exceeded age thirty upon employment as such a member shall
22 be exempt from participation in the twenty-five year retirement program
23 if such person elects not to participate by filing a duly executed form
24 with the retirement system within one hundred eighty days of becoming
25 such a member.

26 5. Where any participant in the twenty-five year retirement program
27 shall cease to be employed by the city of New York as a water supply
28 police member, he or she shall cease to be such a participant and,
29 during any period in which such person is not so employed, he or she
30 shall not be a participant in the twenty-five year retirement program
31 and shall not be eligible for the benefits of subdivision c of this
32 section.

33 6. Where any participant in the twenty-five year retirement program
34 terminates service as a water supply police member and returns to such
35 service as a water supply police member at a later date, he or she shall
36 again become such a participant on that date.

37 7. Notwithstanding any other provision of law to the contrary, any
38 person who is eligible to elect to become a participant in the twenty-
39 five year retirement program pursuant to paragraph one or two of this
40 subdivision for the full one hundred eighty day period provided for in
41 such applicable paragraph and who fails to timely file a duly executed
42 application for such participation with the retirement system, shall not
43 thereafter be eligible to become a participant in such program.

44 c. Service retirement benefits. 1. A participant in the twenty-five
45 year retirement program:

46 (i) who has completed twenty-five or more years of credited service;
47 and

48 (ii) who has paid, before the effective date of retirement, all addi-
49 tional member contributions and interest (if any) required by subdivi-
50 sion e of this section; and

51 (iii) who files with the retirement system of which he or she is a
52 member an application for service retirement setting forth at that time,
53 not less than thirty days subsequent to the execution and filing there-
54 of, he or she desires to be retired; and

55 (iv) who shall be a participant in the twenty-five year retirement
56 program at the time so specified for his or her retirement; shall be

1 retired pursuant to the provisions of this section affording early
2 service retirement.

3 2. (i) Notwithstanding any other provision of law to the contrary, and
4 subject to the provisions of paragraph six of subdivision e of this
5 section, the early service retirement benefit for participants in the
6 twenty-five year retirement program who retire pursuant to paragraph one
7 of this subdivision shall be a retirement allowance consisting of:

8 (A) an amount, on account of the required minimum period of service,
9 equal to fifty percent of his or her final average salary; plus

10 (B) an amount on account of credited service, or fraction thereof,
11 beyond such required minimum period of service equal to two percent of
12 his or her final salary;

13 (ii) The maximum retirement allowance computed without optional
14 modification payable pursuant to subparagraph (i) of this paragraph
15 shall equal that payable upon completion of thirty years of service.

16 d. Vesting. 1. A participant in the twenty-five year retirement
17 program:

18 (i) who discontinues service as such a participant, other than by
19 death or retirement; and

20 (ii) who prior to such discontinuance, completed five but less than
21 twenty-five years of credited service; and

22 (iii) who, subject to the provisions of paragraph seven of subdivision
23 e of this section, has paid, prior to such discontinuance, all addi-
24 tional member contributions and interest (if any) required by subdivi-
25 sion e of this section; and

26 (iv) who does not withdraw in whole or in part his or her accumulated
27 member contributions pursuant to section six hundred thirteen of this
28 article unless such participant thereafter returns to public service and
29 repays the amounts so withdrawn, together with interest, pursuant to
30 such section six hundred thirteen; shall be entitled to receive a
31 deferred vested benefit as provided in this subdivision.

32 2. (i) Upon such discontinuance under the conditions and in compliance
33 with the provisions of paragraph one of this subdivision, such deferred
34 vested benefit shall vest automatically.

35 (ii) Such vested benefit shall become payable on the earliest date on
36 which such discontinued member could have retired for service if such
37 discontinuance had not occurred.

38 3. Subject to the provisions of paragraph seven of subdivision e of
39 this section, such deferred vested benefit shall be a retirement allow-
40 ance consisting of an amount equal to two percent of such discontinued
41 member's final average salary, multiplied by the number of years of
42 credited service.

43 e. Additional member contributions. 1. In addition to the member
44 contributions required by section six hundred thirteen of this article,
45 each participant in the twenty-five year retirement program shall
46 contribute to the retirement system of which he or she is a member
47 (subject to the applicable provisions of subdivision d of section six
48 hundred thirteen of this article) an additional six percent of his or
49 her compensation earned from (i) all credited service, as a participant
50 in the twenty-five year retirement program, rendered on or after the
51 starting date of the twenty-five year retirement program, and (ii) all
52 credited service after such person ceases to be a participant, but
53 before he or she again becomes a participant pursuant to paragraph six
54 of subdivision b of this section. The additional contributions required
55 by this subdivision shall be in lieu of additional member contributions
56 required by subdivision d of section six hundred four-c of this article,

1 as added by chapter ninety-six of the laws of nineteen hundred ninety-
2 five, and no member making contributions pursuant to this section shall
3 be required to make contributions pursuant to such subdivision d of
4 section six hundred four-c of this article.

5 2. A participant in the twenty-five year retirement program shall
6 contribute additional member contributions until the later of (i) the
7 first anniversary of the starting date of the twenty-five year retire-
8 ment program, or (ii) the date on which he or she completes thirty years
9 of credited service as a water supply police member.

10 3. Commencing with the first full payroll period after each person
11 becomes a participant in the twenty-five year retirement program, addi-
12 tional member contributions at the rate specified in paragraph one of
13 this subdivision shall be deducted (subject to the applicable provisions
14 of subdivision d of section six hundred thirteen of this article) from
15 the compensation of such participant on each and every payroll of such
16 participant for each and every payroll period for which he or she is
17 such a participant.

18 4. (i) Each participant in the twenty-five year retirement program
19 shall be charged with a contribution deficiency consisting of the total
20 amounts of additional member contributions such person is required to
21 make pursuant to paragraphs one and two of this subdivision which are
22 not deducted from his or her compensation pursuant to paragraph three of
23 this subdivision, if any, together with interest thereon, compounded
24 annually, and computed in accordance with the provisions of subpara-
25 graphs (ii) and (iii) of this paragraph.

26 (ii) (A) The interest required to be paid on each such amount speci-
27 fied in subparagraph (i) of this paragraph shall accrue from the end of
28 the payroll period for which such amount would have been deducted from
29 compensation if he or she had been a participant at the beginning of
30 that payroll period and such deduction had been required for such
31 payroll period, until such amount is paid to the retirement system.

32 (B) The rate of interest to be applied to each such amount during the
33 period for which interest accrues on that amount shall be equal to the
34 rate or rates of interest required by law to be used during that same
35 period to credit interest on the accumulated deductions of retirement
36 system members.

37 (iii) Except as otherwise provided in paragraph five of this subdivi-
38 sion, no interest shall be due on any unpaid additional member contrib-
39 utions which are not attributable to a period prior to the first full
40 payroll period referred to in paragraph three of this subdivision.

41 5. (i) Should any person who, pursuant to subparagraph (ii) of para-
42 graph ten of this subdivision, has received a refund of his or her addi-
43 tional member contributions including any interest paid on such contrib-
44 utions, again become a participant in the twenty-five year retirement
45 program pursuant to paragraph six of subdivision b of this section, an
46 appropriate amount shall be included in such participant's contribution
47 deficiency (including interest thereon as calculated pursuant to subpar-
48 agraph (ii) of this paragraph) for any credited service for which such
49 person received a refund of such additional member contributions
50 (including any amount of an unpaid loan balance deemed to have been
51 returned to such person pursuant to paragraph twelve of this subdivi-
52 sion), as if such additional member contributions never had been paid.

53 (ii) (A) Interest on a participant's additional member contributions
54 included in such participant's contribution deficiency pursuant to
55 subparagraph (i) of this paragraph shall be calculated as if such addi-
56 tional member contributions had never been paid by such participant, and

1 such interest shall accrue from the end of the payroll period to which
2 an amount of such additional member contributions is attributable, until
3 such amount is paid to the retirement system.

4 (B) The rate of interest to be applied to each such amount during the
5 period for which interest accrues on that amount shall be five percent
6 per annum, compounded annually.

7 6. Where a participant who is otherwise eligible for service retire-
8 ment pursuant to subdivision c of this section did not, prior to the
9 effective date of retirement, pay the entire amount of a contribution
10 deficiency chargeable to him or her pursuant to paragraphs four and five
11 of this subdivision, or repay the entire amount of a loan of his or her
12 additional member contributions pursuant to paragraph eleven of this
13 subdivision (including accrued interest on such loan), that participant,
14 nevertheless, shall be eligible to retire pursuant to subdivision c of
15 this section, provided, however, that such participant's service retire-
16 ment benefit calculated pursuant to paragraph two of such subdivision c
17 shall be reduced by a life annuity (calculated in accordance with the
18 method set forth in subdivision i of section six hundred thirteen-b of
19 this article) which is actuarially equivalent to:

20 (i) the amount of any unpaid contribution deficiency chargeable to
21 such member pursuant to paragraphs four and five of this subdivision;
22 plus

23 (ii) the amount of any unpaid balance of a loan of his or her addi-
24 tional member contributions pursuant to paragraph eleven of this subdi-
25 vision (including accrued interest on such loan).

26 7. Where a participant who is otherwise eligible for a vested right to
27 a deferred benefit pursuant to subdivision d of this section did not,
28 prior to the date of discontinuance of service, pay the entire amount of
29 a contribution deficiency chargeable to him or her pursuant to para-
30 graphs four and five of this subdivision, or repay the entire amount of
31 a loan of his or her additional member contributions pursuant to para-
32 graph eleven of this subdivision (including accrued interest on such
33 loan), that participant, nevertheless, shall be eligible for a vested
34 right to a deferred benefit pursuant to subdivision d of this section,
35 provided, however, that the deferred vested benefit calculated pursuant
36 to paragraph three of such subdivision d shall be reduced by a life
37 annuity (calculated in accordance with the method set forth in subdivi-
38 sion i of section six hundred thirteen-b of this article) which is actu-
39 arially equivalent to:

40 (i) the amount of any unpaid contribution deficiency chargeable to
41 such member pursuant to paragraphs four and five of this subdivision;
42 plus

43 (ii) the amount of any unpaid balance of a loan of his or her addi-
44 tional member contributions pursuant to paragraph eleven of this subdi-
45 vision (including accrued interest on such loan).

46 8. The head of a retirement system which includes participants in the
47 twenty-five year retirement program in its membership may, consistent
48 with the provisions of this subdivision, promulgate regulations for the
49 payment of such additional member contributions, and any interest there-
50 on, by such participants (including the deduction of such contributions,
51 and any interest thereon, from the participant's compensation).

52 9. Subject to the provisions of paragraphs six and seven of this
53 subdivision, where a participant has not paid in full any contribution
54 deficiency chargeable to him or her pursuant to paragraphs four and five
55 of this subdivision, and a benefit, other than a refund of member
56 contributions pursuant to section six hundred thirteen of this article

1 or a refund of additional member contributions pursuant to subparagraph
2 (ii) of paragraph ten of this subdivision, becomes payable under this
3 article to the participant or to his or her designated beneficiary or
4 estate, the actuarial equivalent of any such unpaid amount shall be
5 deducted from the benefit otherwise payable.

6 10. (i) Such additional member contributions (and any interest there-
7 on) shall be paid into the contingent reserve fund of the retirement
8 system of which the participant is a member and shall not for any
9 purpose be deemed to be member contributions or accumulated contrib-
10 utions of a member under section six hundred thirteen of this article or
11 otherwise while he or she is a participant in the twenty-five year
12 retirement program or otherwise.

13 (ii) Should a participant in the twenty-five year retirement program
14 who has rendered less than five years of credited service cease to hold
15 a position as a water supply police member for any reason whatsoever,
16 his or her accumulated additional member contributions made pursuant to
17 this subdivision (together with any interest thereon paid to the retire-
18 ment system) may be withdrawn by him or her pursuant to procedures
19 promulgated in regulations of the board of trustees of the retirement
20 system, together with interest thereon at the rate of five percent per
21 annum, compounded annually.

22 (iii) Notwithstanding any other provision of law to the contrary, (A)
23 no person shall be permitted to withdraw from the retirement system any
24 additional member contributions paid pursuant to this subdivision or any
25 interest paid thereon, except pursuant to and in accordance with the
26 preceding subparagraphs of this paragraph; and (B) no person, while he
27 or she is a participant in the twenty-five year retirement program,
28 shall be permitted to withdraw any such additional member contributions
29 or any interest paid thereon pursuant to any of the preceding subpara-
30 graphs of this paragraph or otherwise.

31 11. A participant in the twenty-five year retirement program shall be
32 permitted to borrow from his or her additional member contributions
33 (including any interest paid thereon) which are credited to the addi-
34 tional contributions account established for such participant in the
35 contingent reserve fund of the retirement system. The borrowing from
36 such additional member contributions pursuant to this paragraph shall be
37 governed by the rights, privileges, obligations and procedures set forth
38 in section six hundred thirteen-b of this article which govern the
39 borrowing of member contributions made pursuant to section six hundred
40 thirteen of this article. The board of trustees of the retirement system
41 may, consistent with the provisions of this subdivision and the
42 provisions of section six hundred thirteen-b of this article as made
43 applicable to this subdivision, promulgate regulations governing the
44 borrowing of such additional member contributions.

45 12. Whenever a person has an unpaid balance of a loan of his or her
46 additional member contributions pursuant to paragraph eleven of this
47 subdivision at the time he or she becomes entitled to a refund of his or
48 her additional member contributions pursuant to subparagraph (ii) of
49 paragraph ten of this subdivision, the amount of such unpaid loan
50 balance (including accrued interest) shall be deemed to have been
51 returned to such member, and the refund of such additional contributions
52 shall be the net amount of such contributions, together with interest
53 thereon in accordance with the provisions of such subparagraph (ii).

54 § 6. Subdivision d of section 613 of the retirement and social securi-
55 ty law is amended by adding a new paragraph 12 to read as follows:

12. (i) The city of New York shall, in the case of a water supply police member (as defined in paragraph one of subdivision a of section six hundred four-j of this article) who is a participant in the twenty-five year retirement program (as defined in paragraph four of subdivision a of such section six hundred four-j), pick up and pay to the retirement system of which such participant is a member, all additional member contributions which otherwise would be required to be deducted from such member's compensation pursuant to paragraphs one and two of subdivision e of such section six hundred four-j (not including any additional member contributions due for any period prior to the first full payroll period referred to in paragraph three of such subdivision e), and shall effect such pick up on each and every payroll of such participant for each and every payroll period with respect to which such paragraph three would otherwise require such deductions.

(ii) An amount equal to the amount of additional contributions picked up pursuant to this paragraph shall be deducted by such employer from the compensation of such member (as such compensation would be in the absence of a pick up program applicable to him or her hereunder) and shall not be paid to such member.

(iii) The additional member contributions picked up pursuant to this paragraph for any such member shall be paid by such employer in lieu of an equal amount of additional member contributions otherwise required to be paid by such member under the applicable provisions of subdivision e of section six hundred four-j of this article, and shall be deemed to be and treated as employer contributions pursuant to section 414(h) of the Internal Revenue Code.

(iv) For the purpose of determining the retirement system rights, benefits and privileges of any member whose additional member contributions are picked up pursuant to this paragraph, such picked up additional member contributions shall be deemed to be and treated as part of such member's additional member contributions under the applicable provisions of subdivision e of section six hundred four-j of this article.

(v) With the exception of federal income tax treatment, the additional member contributions picked up pursuant to paragraph (i) of this subdivision shall for all other purposes, including computation of retirement benefits and contributions by employers and employees, be deemed employee salary. Nothing contained in this subdivision shall be construed as superseding the provisions of section four hundred thirty-one of this chapter, or any similar provision of law which limits the salary base of computing retirement benefits payable by a public retirement system.

§ 7. Section 13-125.2 of the administrative code of the city of New York is amended by adding a new subdivision a-9 to read as follows:

a-9. Notwithstanding any other provision of law to the contrary, on or after the starting date for pick up, the employer responsible for pick up shall, in the case of a water supply police member (as defined in paragraph two of subdivision a of section four hundred forty-five-j of the retirement and social security law) who is a participant in the twenty-five year improved benefit retirement program (as defined in paragraph three of such subdivision a of section four hundred forty-five-j), pick up and pay to the retirement system all additional member contributions which otherwise would be required to be deducted from such member's compensation pursuant to subdivision d of such section four hundred forty-five-j, and shall effect such pick up on each and every payroll of such participant for each and every payroll period with

1 respect to which such subdivision d would otherwise require such
2 deductions.

3 § 8. Subparagraph (ii) of paragraph 1 of subdivision c of section
4 13-125.2 of the administrative code of the city of New York, as amended
5 by chapter 682 of the laws of 2003, is amended to read as follows:

6 (ii) the determination of the amount of such member's Tier I or Tier
7 II nonuniformed-force member contributions eligible for pick up by the
8 employer or additional member contributions required to be picked up
9 pursuant to subdivision a-one, subdivision a-two, subdivision a-three,
10 subdivision a-four, subdivision a-five, subdivision a-six, subdivision
11 a-seven ~~[or]~~, subdivision a-eight, or subdivision a-nine of this
12 section; and

13 § 9. Subdivision d of section 13-125.2 of the administrative code of
14 the city of New York is amended by adding a new paragraph 2-h to read as
15 follows:

16 (2-h) For the purpose of determining the retirement system rights,
17 benefits and privileges of any member who is a participant in the twen-
18 ty-five year improved benefit retirement program (as defined in para-
19 graph three of subdivision a of section four hundred forty-five-j of the
20 retirement and social security law), the additional member contributions
21 of such participant picked up pursuant to subdivision a-nine of this
22 section shall be deemed to be and treated as a part of such member's
23 additional member contributions under subdivision d of such section four
24 hundred forty-five-j.

25 § 10. Paragraph 3 of subdivision d of section 13-125.2 of the adminis-
26 trative code of the city of New York, as amended by chapter 682 of the
27 laws of 2003, is amended to read as follows:

28 (3) Interest on contributions picked up for any Tier I or Tier II
29 non-uniformed-force member pursuant to this section (other than addi-
30 tional member contributions picked up pursuant to subdivision a-one,
31 subdivision a-two, subdivision a-three, subdivision a-four, subdivision
32 a-five, subdivision a-six, subdivision a-seven ~~[or]~~, subdivision
33 a-eight, or subdivision a-nine of this section) shall accrue in favor of
34 the member and be payable to the retirement system at the same rate, for
35 the same time periods, in the same manner and under the same circum-
36 stances as interest would be required to accrue in favor of the member
37 and be payable to the retirement system on such contributions if they
38 were made by such member in the absence of a pick up program applicable
39 to such member under the provisions of this section.

40 § 11. Subdivision a of section 603 of the retirement and social secu-
41 rity law, as amended by chapter 18 of the laws of 2012, is amended to
42 read as follows:

43 a. The service retirement benefit specified in section six hundred
44 four of this article shall be payable to members who have met the mini-
45 mum service requirements upon retirement and attainment of age sixty-
46 two, other than members who are eligible for early service retirement
47 pursuant to subdivision c of section six hundred four-b of this article,
48 subdivision c of section six hundred four-c of this article, subdivision
49 d of section six hundred four-d of this article, subdivision c of
50 section six hundred four-e of this article, subdivision c of section six
51 hundred four-f of this article, subdivision c of section six hundred
52 four-g of this article, subdivision c of section six hundred four-h of
53 this article ~~[or]~~, subdivision c of section six hundred four-i of this
54 article, or subdivision c of section six hundred four-j of this article,
55 provided, however, a member of a teachers' retirement system or the New
56 York state and local employees' retirement system who first joins such

1 system before January first, two thousand ten or a member who is a
2 uniformed court officer or peace officer employed by the unified court
3 system who first becomes a member of the New York state and local
4 employees' retirement system before April first, two thousand twelve may
5 retire without reduction of his or her retirement benefit upon attain-
6 ment of at least fifty-five years of age and completion of thirty or
7 more years of service, provided, however, that a uniformed court officer
8 or peace officer employed by the unified court system who first becomes
9 a member of the New York state and local employees' retirement system on
10 or after January first, two thousand ten and retires without reduction
11 of his or her retirement benefit upon attainment of at least fifty-five
12 years of age and completion of thirty or more years of service pursuant
13 to this section shall be required to make the member contributions
14 required by subdivision f of section six hundred thirteen of this arti-
15 cle for all years of credited and creditable service, provided further
16 that the [the] preceding provisions of this subdivision shall not apply
17 to a New York city revised plan member.

18 § 12. Nothing contained in sections six and eleven of this act shall
19 be construed to create any contractual right with respect to members to
20 whom such sections apply. The provisions of such sections are intended
21 to afford members the advantages of certain benefits contained in the
22 Internal Revenue Code, and the effectiveness and existence of such
23 sections and benefits they confer are completely contingent thereon.

24 § 13. This act shall take effect immediately, provided, however that:

25 (a) The amendments to subdivision a of section 603 of the retirement
26 and social security law made by section eleven of this act shall not
27 affect the expiration of such subdivision as provided in subdivision (b)
28 of section 13 of chapter 682 of the laws of 2003, and shall expire ther-
29 ewith;

30 (b) The provisions of section six of this act shall remain in force
31 and effect only so long as, pursuant to federal law, contributions
32 picked up under section 613 of the retirement and social security law
33 are not includable as gross income of a member for federal income tax
34 purposes until distributed or made available to the member; and

35 (c) The amendments to provisions of section 13-125.2 of the adminis-
36 trative code of the city of New York made by sections seven, eight, nine
37 and ten of this act shall not affect the expiration of such provisions
38 as provided for in chapter 681 of the laws of 1992, as amended.

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

SUMMARY OF BILL: This proposed legislation would amend certain provisions of the Retirement and Social Security Law (RSSL) and the Administrative Code of the City of New York (ACCNY), and add RSSL Sections 445-j and 604-j to establish a 25-Year Retirement Program for Tier 2, 4, and 6 New York City Employees' Retirement System (NYCERS) members who are employed in the title of Water Supply Police (WSP 25-Year Plan).

Effective Date: Upon enactment.

MEMBERS ELIGIBLE TO JOIN: Those NYCERS members who are sworn officers of the water supply police employed by the City of New York (City), appointed to protect the sources, works, and transmission of water supplied to the City, and to protect persons on or in the vicinity of such water sources, works, and transmission pursuant to subdivision o of section 1.20 of the Criminal Procedure Law.

For purposes of this Fiscal Note, these members are collectively referred to as "Water Supply Police Members."

Participation in the WSP 25-Year Plan is optional for anyone who is eligible to participate in the Plan on the date of enactment by filing an election form within 180 days of enactment. Anyone who is a member of NYCERS (i.e. subject to Article 15) on the date of enactment and subsequently becomes employed as a Water Supply Police Member also has 180 days upon becoming such a member to elect to join the WSP 25-Year Plan.

Any new Water Supply Police Member who becomes a Tier 6 NYCERS member after the date of enactment is mandated into the Plan. However, if the member exceeds age 30 upon being mandated into the WSP 25-Year Plan, the member has the option not to participate in the Plan by filing an application to opt out of the Plan within 180 days of becoming a Water Supply Police Member.

IMPACT ON BENEFITS: Currently, Water Supply Police Members generally participate in one of the NYCERS general plans (i.e. basic Tier 4 62/5 Plan, Tier 6 63/10 Plan, or Improved Tier 4 57/5, 55/25 Plans). There are currently no active Tier 2 Water Supply Police Members. Therefore, the following summary only applies to Tier 4 and Tier 6 Water Supply Police Members.

The proposed legislation, if enacted, would provide the following benefits to Water Supply Police Members under the WSP 25-Year Plan:

- * Service retirement benefit:
- * 50% of Final Average Salary (FAS) for the first 25 years of Credited Service, plus
- * 2% of FAS of each additional year of Credited Service up to a maximum of 30 years of such service.
- * Final Average Salary:
- * Tier 4 - Three-Year Average (FAS3)
- * Tier 6 - Five-Year Average (FAS5)
- * Vested benefit:
- * Eligibility is:
- * At least five, but less than 25, years of Credited Service for Tier 4 and Tier 6 members.
- * Payable at:
- * The date the member would have completed 25 years of Credited Service for Tier 4 and Tier 6 members.
- * Amount:
- * 2% of FAS for each year of Credited Service.
- * Other benefits: Members of the proposed WSP 25-Year Plan are entitled to the same disability and death benefits as other Tier 4 and Tier 6 members under the respective basic plans.

ADDITIONAL MEMBER CONTRIBUTIONS: Members of the WSP 25-Year Plan are required to make, in addition to the Tier 4 Basic Member Contributions (BMC) of 3% and the Tier 6 BMC ranging from 3% to 6% depending on defined salary scales, Additional Member Contributions equal to 6.0% of compensation for all service as a Plan participant on and after the starting date of the Plan until the later of a maximum of 30 years of Credited Service or the one year anniversary of the enactment of the Plan.

FINANCIAL IMPACT - PRESENT VALUES: Based on the anticipated group of members joining the WSP 25-Year Plan and the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Present Value of Future Benefits (PVFB) by approximately \$4.3 million, and increase the Present Value of member contributions of approximately \$2.3 million. The net result is an increase in the Present Value of future employer contributions of approximately \$2.0 million.

Under the Entry Age Normal cost method used to determine the employer contributions to NYCERS, there would be an increase in the Unfunded Accrued Liability (UAL) of approximately \$4.0 million offset by a decrease in the Present Value of future employer Normal Cost of \$2.0 million.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with Administrative Code of the City of New York (ACCNY) Section 13-638.2(k-2), new UAL attributable to benefit changes are to be amortized as determined by the Actuary but generally over the remaining working lifetime of those impacted by the benefit changes. As of June 30, 2017, the remaining working lifetime of the Water Supply Police Members assumed to join the WSP 25-Year Plan is approximately 12 years.

For the purposes of this Fiscal Note, the increase in UAL was amortized over a 12-year period (11 payments under the One-Year Lag Methodology) using level dollar payments. This payment offset by the decrease in the Normal Cost results in an increase in annual employer contributions of approximately \$528,000 each year.

OTHER COSTS: Not measured in this Fiscal Note are the following:

- * The initial, additional administrative costs of NYCERS and other New York City agencies to implement the proposed legislation.

- * The impact of this proposed legislation on Other Postemployment Benefit (OPEB) costs.

CONTRIBUTION TIMING: For the purposes of this Fiscal Note, it is assumed that the changes in the Present Value of future employer contributions and annual employer contributions would be reflected for the first time in the June 30, 2019 actuarial valuation of NYCERS. In accordance with the One-Year Lag Methodology (OYLM) used to determine employer contributions, the increase in employer contributions would first be reflected in Fiscal Year 2021.

CENSUS DATA: The estimates presented herein are based on the census data used in the Preliminary June 30, 2018 (Lag) actuarial valuation of NYCERS to determine the Preliminary Fiscal Year 2020 employer contributions.

The 84 Water Supply Police Members as of June 30, 2018 assumed to join the WSP 25-Year Plan had an average age of approximately 39.2 years, average service of approximately 14.1 years, and an average salary of approximately \$73,300.

ACTUARIAL ASSUMPTIONS AND METHODS: The changes in the Present Value of future employer contributions and annual employer contributions presented herein have been calculated based on the actuarial assumptions and methods in effect for the June 30, 2018 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2020 employer contributions of NYCERS.

To determine the impact of the elective nature of the proposed legislation, a subgroup of Water Supply Police Members was developed based on who could potentially benefit actuarially. The net Present Value of future employer costs (i.e. the PVFB less the Present Value of future member contributions) of each member's benefit was determined under their current plan and under the WSP 25-Year Plan. If the net Present Value of future employer cost under the WSP 25-Year Plan was greater than or equal to the Present Value of future employer cost under the member's current plan, the member was deemed to benefit actuarially.

Based on this analysis, it was determined that those members who are mandated into the WSP 25-Year Plan in the future will generally not benefit under the Plan (i.e. they will have a decrease in Present Value of future employer costs as compared to the Tier 6 63/10 Plan they would

otherwise participate in, absent this proposed legislation), and therefore the costs presented in this Fiscal Note are borne only from current NYCERS members who are assumed to benefit from, and thus opt to join, the WSP 25-Year Plan.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the actuarial assumptions and methods used and are subject to change based on the realization of potential investment, demographic, contribution, and other risks. If actual experience deviates from actuarial assumptions, the actual costs could differ from those presented herein. Costs are also dependent on the actuarial methods used, and therefore different actuarial methods could produce different results. Quantifying these risks is beyond the scope of this Fiscal Note.

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am a Fellow of the Society of Actuaries, an Enrolled Actuary under the Employee Retirement Income and Security Act of 1974, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of my knowledge, the results contained herein have been prepared in accordance with generally accepted actuarial principles and procedures and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

FISCAL NOTE IDENTIFICATION: This Fiscal Note 2019-08 dated April 15, 2019 was prepared by the Chief Actuary for the New York City Employees' Retirement System. This estimate is intended for use only during the 2019 Legislative Session.