

# STATE OF NEW YORK

8655

## IN SENATE

March 25, 2022

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, in relation to modifying the retirement program for Triborough bridge and tunnel members

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 section 604-j to read as follows:

3 § 604-j. Twenty-year retirement program for Triborough bridge and  
4 tunnel members. a. Definitions. The following words and phrases as used  
5 in this section shall have the following meanings unless a different  
6 meaning is plainly required by the context:

7 1. "Triborough bridge and tunnel member" shall mean a member as  
8 defined in subdivision e of section six hundred one of this article who  
9 is employed by the Triborough bridge and tunnel authority as a bridge  
10 and tunnel officer, sergeant, or lieutenant in a non-managerial posi-  
11 tion, and who is not a New York city revised plan member as defined in  
12 subdivision m of section six hundred one of this article.

13 2. "Twenty-year retirement program" shall mean all the terms and  
14 conditions of this section.

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

18 4. "Participant in the twenty-year retirement program" shall mean any  
19 Triborough bridge and tunnel member who, under the applicable provisions  
20 of subdivision b of this section, is entitled to the rights, benefits  
21 and privileges and is subject to the obligations of the twenty-year  
22 retirement program, as applicable to him or her.

23 5. "Discontinued member" shall mean a participant in the twenty-year  
24 retirement program who, while he or she was a Triborough bridge and  
25 tunnel member, discontinued service as such a member and has a right to  
26 a deferred vested benefit under subdivision d of this section.

27 6. "Administrative code" shall mean the administrative code of the  
28 city of New York.

29 b. Participation in twenty-year retirement program. 1. Subject to the  
30 provisions of paragraph five of this subdivision, any person who is a

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

LBD14534-02-2

1 Triborough bridge and tunnel member as defined in paragraph one of  
2 subdivision a of this section on the starting date of the twenty-year  
3 retirement program and who, as such a bridge and tunnel member or other-  
4 wise, last became subject to the provisions of this article prior to  
5 such starting date, may elect to become a participant in the twenty-year  
6 retirement program by filing, within one hundred eighty days after the  
7 starting date of the twenty-year retirement program, a duly executed  
8 application for such participation with the retirement system of which  
9 such person is a member, provided he or she is such a bridge and tunnel  
10 member on the date such application is filed.

11 2. Any election to be a participant in the twenty-year retirement  
12 program shall be irrevocable.

13 3. Each Triborough bridge and tunnel member who becomes subject to the  
14 provisions of this article on or after the starting date of the twenty-  
15 year retirement program shall become a participant in the twenty-year  
16 retirement program on the date he or she becomes such a bridge and  
17 tunnel member.

18 4. Where any participant in the twenty-year retirement program shall  
19 cease to be employed by the Triborough bridge and tunnel authority as a  
20 bridge and tunnel member, he or she shall cease to be such a participant  
21 and, during any period in which such person is not so employed, he or  
22 she shall not be a participant in the twenty-year retirement program and  
23 shall not be eligible for the benefits of subdivision c of this section.

24 5. Where any participant in the twenty-year retirement program termi-  
25 nates service as a Triborough bridge and tunnel member and returns to  
26 such service as a Triborough bridge and tunnel member at a later date,  
27 he or she shall again become such a participant on that date.

28 c. Service retirement benefits. 1. A participant in the twenty-year  
29 retirement program:

30 (i) who has completed twenty or more years of credited service; and

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

34 (iii) who files with the retirement system of which he or she is a  
35 member an application for service retirement setting forth at what time  
36 he or she desires to be retired; and

37 (iv) who shall be a participant in the twenty-year retirement program  
38 at the time so specified for his or her retirement; shall be retired  
39 pursuant to the provisions of this section affording early service  
40 retirement.

41 2. (i) Notwithstanding any other provision of law to the contrary, the  
42 early service retirement benefit for participants in the twenty-year  
43 retirement program who retire pursuant to paragraph one of this subdivi-  
44 sion shall be a pension consisting of:

45 (A) an amount, on account of the required minimum period of service,  
46 equal to one-half of his or her final average salary; plus

47 (B) an amount of credited service, or fraction thereof, beyond such  
48 required minimum period of service equal to one and one-half percent of  
49 his or her final average salary.

50 (ii) The maximum pension computed without optional modification paya-  
51 ble pursuant to subparagraph (i) of this paragraph shall equal that  
52 payable upon completion of thirty years of service.

53 d. Vesting. 1. A participant in the twenty-year retirement program  
54 shall be entitled to receive a deferred vested benefit as provided in  
55 this subdivision if such participant:

1 (i) discontinues service as a Triborough bridge and tunnel member,  
2 other than by death or retirement; and

3 (ii) completed five but less than twenty years of credited service;  
4 and

5 (iii) has paid, prior to such discontinuance, all additional member  
6 contributions and interest (if any) required by subdivision e of this  
7 section; and

8 (iv) does not withdraw in whole or in part his or her accumulated  
9 member contributions pursuant to section six hundred thirteen of this  
10 article unless such participant thereafter returns to public service and  
11 repays the amounts so withdrawn, together with interest, pursuant to  
12 such section six hundred thirteen.

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

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

19 3. Such deferred vested benefit shall be a pension consisting of an  
20 amount equal to two and one-half percent of such discontinued member's  
21 final average salary, multiplied by the number of years of credited  
22 service.

23 e. Additional member contributions. 1. In addition to the member  
24 contributions required by section six hundred thirteen of this article,  
25 each participant in the twenty-year retirement program in the rank of  
26 bridge and tunnel officer shall contribute to the retirement system of  
27 which he or she is a member (subject to the applicable provisions of  
28 subdivision d of section six hundred thirteen of this article) an addi-  
29 tional five and fifty one-hundredths percent of his or her compensation  
30 and each participant in the twenty-year retirement program in the rank  
31 of sergeant or lieutenant shall contribute to the retirement system an  
32 additional six percent of his or her compensation earned from all allow-  
33 able service as a Triborough bridge and tunnel member rendered on and  
34 after the date which is one hundred eighty days prior to the starting  
35 date of the twenty-year retirement program. A participant in the twen-  
36 ty-year retirement program shall contribute additional member contrib-  
37 utions until the later of (i) the date as of which he or she has twenty  
38 years of credited service as a bridge and tunnel officer, or (ii) the  
39 third anniversary of the date that he or she last became a participant  
40 in the twenty-year retirement program.

41 2. Commencing with the first full payroll period after each person  
42 becomes a participant in the twenty-year retirement program, additional  
43 member contributions at the rate specified in paragraph one of this  
44 subdivision shall be deducted (subject to the applicable provisions of  
45 subdivision d of section six hundred thirteen of this article) from the  
46 compensation of such participant on each and every payroll of such  
47 participant for each and every payroll period.

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

52 (A) that participant shall be charged with a contribution deficiency  
53 consisting of such unpaid amounts, together with interest thereon at the  
54 rate of five percent per annum, compounded annually; and

55 (B) such interest on each amount of undeducted contributions shall  
56 accrue from the end of the payroll period for which such amount would

1 have been deducted from compensation if he or she had been a participant  
2 at the beginning of that payroll period, until such amount is paid to  
3 the retirement system.

4 (ii) Except as provided in subparagraph (iii) of this paragraph, no  
5 interest shall be due on any such unpaid additional contributions which  
6 are not attributable to the period prior to the first full payroll peri-  
7 od referred to in paragraph two of this subdivision.

8 (iii) Should any person who, pursuant to paragraph eight of this  
9 subdivision, has withdrawn any additional member contributions (and any  
10 interest paid thereon) again become a participant in the twenty-year  
11 retirement program pursuant to paragraph five of subdivision b of this  
12 section, an appropriate amount shall be included in such participant's  
13 contribution deficiency (including interest thereon as calculated pursu-  
14 ant to subparagraph (i) of this paragraph) as if such additional  
15 contributions had never been made.

16 (iv) Notwithstanding any other provisions of this paragraph, no  
17 participant shall be charged interest for any period prior to March  
18 twenty-fifth, nineteen hundred ninety-eight with respect to any contrib-  
19 utions owed with respect to any payroll period beginning prior to such  
20 date.

21 4. The head of a retirement system which includes participants in the  
22 twenty-year retirement program in its membership may, consistent with  
23 the provisions of this subdivision, promulgate regulations for the  
24 payment of such additional member contributions, and any interest there-  
25 on, by such participants (including the deduction of such contributions,  
26 and any interest thereon, from the participant's compensation).

27 5. Where a contribution deficiency chargeable to a participant pursu-  
28 ant to paragraph three of this subdivision has not been paid in full  
29 before the effective date of retirement, that participant shall not be  
30 eligible to retire pursuant to subdivision c of this section.

31 6. Where a contribution deficiency chargeable to a participant pursu-  
32 ant to paragraph three of this subdivision has not been paid in full  
33 before the date of discontinuance of service, that participant shall not  
34 be entitled to a deferred vested benefit pursuant to subdivision d of  
35 this section.

36 7. Where a participant has not paid in full any contribution deficien-  
37 cy chargeable to him or her pursuant to paragraph three of this subdivi-  
38 sion, and a benefit, other than a refund of member contributions pursu-  
39 ant to section six hundred thirteen of this article or a refund of  
40 additional member contributions pursuant to paragraph eight of this  
41 subdivision, becomes payable under this article to the participant or to  
42 his or her designated beneficiary or estate, the actuarial equivalent of  
43 any such unpaid amount shall be deducted from the benefit otherwise  
44 payable.

45 7-a. Notwithstanding paragraph six or seven of this subdivision, where  
46 a deficiency chargeable to a participant pursuant to paragraph three of  
47 this subdivision has not been paid in full while the participant is a  
48 Triborough bridge and tunnel member and such participant retires prior  
49 to July first, two thousand eleven, such participant may elect to be  
50 covered by this paragraph. Such participant shall be entitled to the  
51 benefits provided in subdivision c of this section provided that partic-  
52 ipant authorizes the retirement system to deduct from such benefits an  
53 amount which will result in the deficiency, plus associated interest to  
54 date of final payment, being paid in full no later than July first, two  
55 thousand eleven or such earlier date as agreed to by the participant.  
56 Such amount will be deducted in equal installments on a monthly basis.

1 Nothing in this paragraph shall prevent the participant from making a  
2 partial payment of the amount of the deficiency at the time of retire-  
3 ment so as to reduce the monthly payment nor to make a lump sum payment  
4 equal to the amount of the total unpaid balance at any time during the  
5 period of repayment.

6 8. (i) Such additional member contributions (and any interest thereon)  
7 shall be paid into the contingent reserve fund of the retirement system  
8 of which the participant is a member and shall not for any purpose be  
9 deemed to be member contributions or accumulated contributions of a  
10 member under section six hundred thirteen of this article or otherwise  
11 while he or she is a participant in the twenty-year retirement program  
12 or otherwise, except that, a surplus of such additional member contrib-  
13 utions that are paid into the retirement system's contingent reserve  
14 fund may be used for the sole purpose of offsetting a deficit of basic  
15 member contributions.

16 (ii) Should a participant in the twenty-year retirement program who  
17 has rendered less than fifteen years of allowable service as a Tribor-  
18 ough bridge and tunnel member cease to hold a position as a Triborough  
19 bridge and tunnel member for any reason whatsoever, his or her accumu-  
20 lated additional member contributions made pursuant to this subdivision  
21 (together with any interest thereon paid to the retirement system) may  
22 be withdrawn by him or her pursuant to procedures promulgated in regu-  
23 lations of the board of trustees of the retirement system, together with  
24 interest thereon at the rate of five percent per annum, compounded annu-  
25 ally.

26 (iii) Except as provided in subparagraph (ii) of this paragraph, no  
27 member, while he or she is a participant or otherwise, shall have a  
28 right to withdraw such additional member contributions or any interest  
29 thereon from the retirement system.

30 9. A member who has made the additional contributions specified by  
31 this subdivision may borrow a portion of such contributions, pursuant to  
32 the provisions of section six hundred thirteen-b of this article.

33 § 2. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would add Section 604-j to the Retirement and Social Security Law (RSSL) to establish a 20-Year Retirement Program (TBTA 20-Year Plan) for Tier 4 New York City Employees' Retirement System (NYCERS) members employed by the TBTA as a bridge and tunnel officer, sergeant, or lieutenant in a non-managerial position (TBTA Eligible Position).

Effective Date: Upon enactment.

BACKGROUND: Currently, Tier 4 members employed in a TBTA Eligible Position generally participate in the TBTA 20/50 Plan, which sets the minimum age of service retirement, with 20 years of service, at age 50. The proposed legislation would create a new plan that would permit Tier 4 members in TBTA Eligible Positions to elect the TBTA 20-Year Plan and retire with 20 years of service regardless of age. Tier 6 members would not be eligible to participate in the TBTA 20-Year Plan.

Participation in the TBTA 20-Year Plan is optional for anyone who is eligible to participate in such Plan on the date of enactment by filing an election form within 180 days of enactment. Anyone who is an existing Tier 4 member of NYCERS on the date of enactment and subsequently becomes employed in a TBTA Eligible Position also has 180 days to elect to join the TBTA 20-Year Plan.

IMPACT ON BENEFITS: The proposed legislation, if enacted, would provide the following benefits to members employed in a TBTA Eligible Position under the TBTA 20-Year Plan:

- \* Service Retirement benefit:
  - o 50% of Final Average Salary (FAS) for the first 20 years of Credited Service, plus
  - o 1.5% of FAS for each additional year of Credited Service exceeding 20 years up to a maximum of 30 years of such service.
- \* Service Retirement eligibility: Upon attaining 20 or more years of Credited Service, without regard to age.
- \* Final Average Salary: Three Year Average (FAS3).
- \* Vested benefit:
  - o Eligibility: At least five, but less than 20 years of Credited Service.
  - o Payable at: The date the member would have completed 20 years of Credited Service.
  - o Amount: 2.5% of FAS for each year of Credited Service.
- \* Other benefits: Members of the proposed TBTA 20-Year Plan are entitled to the same disability and death benefits as other Tier 4 members under the basic plan.

ADDITIONAL MEMBER CONTRIBUTIONS: Members of the TBTA 20-Year Plan are required to make, in addition to the Tier 4 Basic Member Contributions (BMC) of 3%, Additional Member Contributions (AMC) equal to 5.5% of compensation for officers and 6.0% of compensation for sergeants and lieutenants, for all service as a Plan participant on and after the starting date of the Plan until the later of the third anniversary of joining the Plan or 20 years of Credited Service in a TBTA Eligible Position.

FINANCIAL IMPACT - PRESENT VALUES: Based on the anticipated group of members joining the TBTA 20-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 \$6.1 million and increase the Present Value of member contributions by approximately \$0.5 million. The net result is an increase in the Present Value of future employer contributions of approximately \$5.6 million for TBTA.

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 \$6.6 million offset by a decrease in the Present Value of future employer Normal Cost of \$1.0 million.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with Section 13-638.2(k-2) of the Administrative Code of the City of New York (ACCNY), new UAL attributable to benefit changes are to be amortized as determined by the Actuary but are generally amortized over the remaining working lifetime of those impacted by the benefit changes. As of June 30, 2021, the remaining working lifetime of the members assumed to join the TBTA 20-Year Plan is approximately seven years.

For the purposes of this Fiscal Note, the increase in UAL was amortized over a seven-year period (six payments under the One-Year Lag Methodology (OYLM)) using level dollar payments. This payment plus the increase in the Normal Cost results in an increase in annual employer contributions of approximately \$1.7 million each year for TBTA.

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 Final June 30, 2021 actuarial valuation of NYCERS. In accordance with the OYLM used to determine employer contributions, the increase in employer contributions would first be reflected in Fiscal Year 2023.

CENSUS DATA: The estimates presented herein are based on the census data used in the Preliminary June 30, 2021 (Lag) actuarial valuation of NYCERS to determine the Preliminary Fiscal Year 2023 employer contributions.

The 105 NYCERS Tier 4 members as of June 30, 2021 assumed to join the TBTA 20-Year Plan had an average age of approximately 42.3 years, average service of approximately 16.5 years, and an average salary of approximately \$111,700.

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, 2021 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2023 employer contributions of NYCERS.

To determine the impact of the elective nature of the proposed legislation, a subgroup of NYCERS Tier 4 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 TBTA 20-Year Plan. If the net Present Value of future employer cost under the TBTA 20-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.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the realization of the actuarial assumptions used, as well as certain demographic characteristics of NYCERS and other exogenous factors such as investment, 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.

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.

STATEMENT OF ACTUARIAL OPINION: I, Michael J. Samet, am the Interim Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am a Fellow of the Society of 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. 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 2022-03 dated March 17, 2022 was prepared by the Interim Chief Actuary for the New York City Employees' Retirement System. This estimate is intended for use only during the 2022 Legislative Session.