

# STATE OF NEW YORK

5467

2023-2024 Regular Sessions

## IN SENATE

March 6, 2023

Introduced by Sens. GOUNARDES, KENNEDY -- 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 primary social security retirement benefits for police/fire members who are members of the New York city fire department pension fund

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

1 Section 1. Section 505 of the retirement and social security law, as  
2 amended by chapter 18 of the laws of 2012, is amended to read as  
3 follows:

4 § 505. Service retirement benefits; police/fire members, New York city  
5 uniformed correction/sanitation revised plan members and investigator  
6 revised plan members. a. The normal service retirement benefit for  
7 police/fire members, New York city uniformed correction/sanitation  
8 revised plan members and investigator revised plan members at normal  
9 retirement age shall be a pension equal to fifty percent of final average  
10 salary, less fifty percent of the primary social security retirement  
11 benefit commencing at age sixty-two, as provided in section five hundred  
12 eleven of this article, provided, however, that the computation of the  
13 normal service retirement benefit of members of the New York city fire  
14 department pension fund, shall not be reduced by the primary social  
15 security retirement benefit commencing at age sixty-two as provided in  
16 section five hundred eleven of this article.

17 b. The early service retirement benefit for police/fire members, New  
18 York city uniformed correction/sanitation revised plan members and  
19 investigator revised plan members shall be a pension equal to two and  
20 one-tenths percent of final average salary times years of credited  
21 service at the completion of twenty years of service or upon attainment  
22 of age sixty-two, increased by one-third of one percent of final average  
23 salary for each month of service in excess of twenty years, but not in

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

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1 excess of fifty percent of final average salary, less fifty percent of  
2 the primary social security retirement benefit commencing at age sixty-  
3 two as provided in section five hundred eleven of this article,  
4 provided, however, that New York city police/fire revised plan members,  
5 New York city uniformed correction/sanitation revised plan members and  
6 investigator revised plan members shall not be eligible to retire for  
7 service prior to the attainment of twenty years of credited service, and  
8 provided further that the early service retirement benefit of members of  
9 the New York city fire department pension fund shall not be reduced by  
10 the primary social security retirement benefit commencing at age sixty-  
11 two as provided by section five hundred eleven of this article.

12 c. A police/fire member, a New York city uniformed  
13 correction/sanitation revised plan member or an investigator revised  
14 plan member who retires with twenty-two years of credited service or  
15 less may become eligible for annual escalation of the service retirement  
16 benefit if he or she elects to have the payment of his or her benefit  
17 commence on the date he or she would have completed twenty-two years and  
18 one month or more of service. In such event, the service retirement  
19 benefit shall equal two percent of final average salary for each year of  
20 credited service, less fifty percent of the primary social security  
21 retirement benefit commencing at age sixty-two as provided in section  
22 five hundred eleven of this article, provided, however, that the service  
23 retirement benefit of members of the New York city fire department  
24 pension fund shall not be reduced by the primary social security retire-  
25 ment benefit commencing at age sixty-two as provided by section five  
26 hundred eleven of this article.

27 § 2. Section 511 of the retirement and social security law is amended  
28 by adding a new subdivision h to read as follows:

29 h. Notwithstanding any provision of law to the contrary, this section  
30 shall not apply to members of the New York city fire department pension  
31 fund who receive a service retirement benefit pursuant to section five  
32 hundred five of this article or a deferred vested benefit pursuant to  
33 section five hundred sixteen of this article.

34 § 3. Subdivision c of section 516 of the retirement and social securi-  
35 ty law, as amended by chapter 18 of the laws of 2012, is amended to read  
36 as follows:

37 c. The deferred vested benefit of police/fire members, New York city  
38 police/fire revised plan members, New York city uniformed  
39 correction/sanitation revised plan members or investigator revised plan  
40 members shall be a pension commencing at early retirement age equal to  
41 two and one-tenths percent of final average salary times years of cred-  
42 ited service, less fifty percent of the primary social security retire-  
43 ment benefit commencing at age sixty-two, as provided in section five  
44 hundred eleven of this article, provided however that the deferred vest-  
45 ed benefit of members of the New York city fire department pension fund  
46 and revised plan members who are members of the New York city fire  
47 department pension fund shall not be reduced by the primary social secu-  
48 rity retirement benefit commencing at age sixty-two as provided by  
49 section five hundred eleven of this article. A police/fire member, a New  
50 York city police/fire revised plan member, a New York city uniformed  
51 correction/sanitation revised plan member or investigator revised plan  
52 member may elect to receive his or her vested benefit commencing at  
53 early retirement age or age fifty-five. If the vested benefit commences  
54 before early retirement age, the benefit shall be reduced by one-fif-  
55 teenth for each year, if any, that the member's early retirement age is  
56 in excess of age sixty, and by one-thirtieth for each additional year by

1 which the vested benefit commences prior to early retirement age. If  
 2 such vested benefit is deferred until after such member's normal retire-  
 3 ment age, the benefit shall be computed and subject to annual escalation  
 4 in the same manner as provided for an early retirement benefit pursuant  
 5 to subdivision c of section five hundred five of this article.

6 § 4. Notwithstanding the provisions of section 13-379 of the adminis-  
 7 trative code of the city of New York, the provisions of this act shall  
 8 apply to chapter three of title thirteen of the administrative code of  
 9 the city of New York.

10 § 5. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend Sections 505,  
 511, and 516 of the Retirement and Social Security Law (RSSL) to elimi-  
 nate the offset equal to 50% of the primary social security benefit in  
 the service, early service, and vested retirement benefits for Tier 3  
 original, modified, and enhanced plan members of the New York City Fire  
 Pension Fund (FIRE).

Effective Date: Upon enactment.

IMPACT ON BENEFITS: Currently, the Tier 3 normal service retirement,  
 early service retirement, and vested retirement benefits are subject to  
 an offset equal to 50% of the primary social security benefit as defined  
 in RSSL Section 511 beginning at age 62. Under the proposed legis-  
 lation, the offset for such benefits would be eliminated resulting in an  
 increase in benefits.

FINANCIAL IMPACT: Based on the census data and the actuarial assump-  
 tions and methods described herein, the enactment of this proposed  
 legislation would result in an initial increase in the Present Value of  
 Future Benefits (PVFB) and the present value of future employer contrib-  
 utions of approximately \$94.4 million.

The financial impact will increase as the impacted populations  
 increase over time. The estimate of the increase in annual employer  
 contributions for Fiscal Years 2024 through 2028 are shown in the table  
 below.

| Fiscal<br>Year | Increase in Employer<br>Contributions<br>(\$ Millions) |
|----------------|--------------------------------------------------------|
| 2024           | \$6.4                                                  |
| 2025           | \$7.1                                                  |
| 2026           | \$7.9                                                  |
| 2027           | \$8.6                                                  |
| 2028           | \$9.3                                                  |

New Unfunded Accrued Liability (UAL) attributable to benefit changes  
 are generally amortized over the remaining working lifetime of those  
 impacted by the benefit changes. The remaining working lifetime for this  
 group is approximately 19 years and the increase in UAL was therefore  
 amortized over a 19-year period (18 payments under the One-Year Lag  
 Methodology) using level dollar payments.

CENSUS DATA: The estimates presented herein are based on the census  
 data to be used in the June 30, 2022 actuarial valuation of FIRE to  
 determine the Preliminary Fiscal Year 2024 employer contributions.

The 4,469 active FIRE Tier 3 members as of June 30, 2022 had an aver-  
 age age of approximately 32.9 years, average service of approximately  
 5.2 years, and an average salary of approximately \$106,300.

ACTUARIAL ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the actuarial assumptions and methods to be used for the Preliminary Fiscal Year 2024 employer contributions of FIRE. New entrants were projected to replace the members expected to leave the active population to maintain a steady-state population. New entrant demographics were developed based on data for recent new hires and actuarial judgement.

For the purposes of this Fiscal Note, it is assumed that the changes would be reflected for the first time in the June 30, 2022 actuarial valuation of FIRE used to determine employer contributions for Fiscal Year 2024.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the realization of the actuarial assumptions used, demographics of the impacted population and other 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 to implement the proposed legislation.

- \* Pension costs for future members of FIRE hired on or after 7/1/2026.

- \* Cost analyses relating to provisions contained in RSSL Section 500(c).

STATEMENT OF ACTUARIAL OPINION: I, Marek Tyszkiewicz, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am an Associate 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 2023-02 dated February 24, 2023 was prepared by the Chief Actuary for the New York City Fire Pension Fund. This estimate is intended for use only during the 2023 Legislative Session.