

# STATE OF NEW YORK

7498--A

2023-2024 Regular Sessions

## IN SENATE

June 1, 2023

Introduced by Sen. JACKSON -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- recommitted to the Committee on Civil Service and Pensions in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, in relation to eligibility for participants in the automotive 25 year/age 50 pension plan with more than 30 years of credited service who remain in active service after age 62 to receive a service retirement benefit equivalent to the standard service retirement benefit received by Tier IV members with the same age and service

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

1 Section 1. Subdivision a of section 603 of the retirement and social  
2 security law, as amended by chapter 18 of the laws of 2012, is amended  
3 to read as follows:  
4 a. The service retirement benefit specified in section six hundred  
5 four of this article shall be payable to members who have met the mini-  
6 mum service requirements upon retirement and attainment of age sixty-  
7 two, other than members who are eligible for early service retirement  
8 pursuant to subdivision c of section six hundred four-b of this article,  
9 subdivision c of section six hundred four-c of this article, subdivision  
10 d of section six hundred four-d of this article, subdivision c of  
11 section six hundred four-e of this article, subdivision c of section six  
12 hundred four-f of this article, [~~subdivision c of section six hundred~~  
13 ~~four-g of this article,~~] subdivision c of section six hundred four-h of  
14 this article or subdivision c of section six hundred four-i of this  
15 article, provided, however, a member of a teachers' retirement system or  
16 the New York state and local employees' retirement system who first  
17 joins such system before January first, two thousand ten or a member who

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

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

17 § 2. Subdivision a of section 603 of the retirement and social securi-  
18 ty law, as amended by section 3-a of chapter 19 of the laws of 2008, is  
19 amended to read as follows:

20 a. The service retirement benefit specified in section six hundred  
21 four of this article shall be payable to members who have met the mini-  
22 mum service requirements upon retirement and attainment of age sixty-  
23 two, other than members who are eligible for early service retirement  
24 pursuant to subdivision c of section six hundred four-b of this article,  
25 subdivision c of section six hundred four-c of this article, subdivision  
26 d of section six hundred four-d of this article, subdivision c of  
27 section six hundred four-e of this article, subdivision c of section six  
28 hundred four-f of this article, ~~[subdivision c of section six hundred~~  
29 ~~four-g of this article,~~ subdivision c of section six hundred four-h of  
30 this article or subdivision c of section six hundred four-i of this  
31 article provided, however, a member who is a peace officer employed by  
32 the unified court system or a member of a teachers' retirement system or  
33 the New York state and local employees' retirement system may retire  
34 without reduction of his or her retirement benefit upon attainment of at  
35 least fifty-five years of age and completion of thirty or more years of  
36 service.

37 § 3. Paragraph 3 of subdivision b of section 604-g of the retirement  
38 and social security law, as added by chapter 414 of the laws of 2002, is  
39 amended to read as follows:

40 3. Any election to be a participant in the twenty-five year/age fifty  
41 retirement program shall be irrevocable; provided that a participant who  
42 has more than thirty years of credited service and who has remained in  
43 active service after reaching sixty-two years of age may elect to  
44 receive a service retirement benefit calculated in accordance with  
45 subdivision b of section six hundred four of this article in lieu of a  
46 service retirement benefit calculated in accordance with subdivision c  
47 of this section.

48 § 4. This act shall take effect immediately; provided that the amend-  
49 ments to subdivision a of section 603 of the retirement and social secu-  
50 rity law made by section one of this act shall be subject to the expira-  
51 tion and reversion of such subdivision pursuant to subdivision (b) of  
52 section 13 of chapter 683 of the laws of 2003, as amended, when upon  
53 such date the provisions of section two of this act shall take effect.

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

SUMMARY: This proposed legislation would permit certain Tier 4 members  
in NYCERS and BERS Automotive 25-Year/Age 50 Plans (Auto 25-Year Plan)

with 30 or more years of service to receive a service retirement benefit calculated under the Tier 4 basic plan, if greater.

EXPECTED INCREASE (DECREASE) IN EMPLOYER CONTRIBUTIONS  
by Fiscal Year for the first 25 years (\$ in Thousands)

| Year | NYCERS | BERS | TOTAL |
|------|--------|------|-------|
| 2025 | 1,457  | 3    | 1,460 |
| 2026 | 1,458  | 3    | 1,461 |
| 2027 | 1,460  | 3    | 1,463 |
| 2028 | 1,462  | 3    | 1,465 |
| 2029 | 1,464  | 3    | 1,467 |
| 2030 | 1,465  | 3    | 1,468 |
| 2031 | 1,465  | 3    | 1,468 |
| 2032 | 1,464  | 3    | 1,467 |
| 2033 | 1,462  | 0    | 1,462 |
| 2034 | 1,457  | 0    | 1,457 |
| 2035 | 217    | 0    | 217   |
| 2036 | 212    | 0    | 212   |
| 2037 | 205    | 0    | 205   |
| 2038 | 198    | 0    | 198   |
| 2039 | 189    | 0    | 189   |
| 2040 | 180    | 0    | 180   |
| 2041 | 170    | 0    | 170   |
| 2042 | 161    | 0    | 161   |
| 2043 | 151    | 0    | 151   |
| 2044 | 140    | 0    | 140   |
| 2045 | 129    | 0    | 129   |
| 2046 | 118    | 0    | 118   |
| 2047 | 107    | 0    | 107   |
| 2048 | 96     | 0    | 96    |
| 2049 | 85     | 0    | 85    |

Employer Contribution impact beyond Fiscal Year 2049 is not shown.

The initial increase in employer contributions of \$1.5 million is estimated to be \$1.4 million for New York City and \$0.1 million for the other obligors of NYCERS.

EXPECTED INCREASE (DECREASE) IN ACTUARIAL LIABILITIES  
as of June 30, 2023 (\$ in Thousands)

| Present Value (PV)            | NYCERS | BERS |
|-------------------------------|--------|------|
| PV of Benefits:               | 10,735 | 18   |
| PV of Employee Contributions: | 0      | 0    |
| PV of Employer Contributions: | 10,735 | 18   |
| Unfunded Accrued Liabilities: | 8,390  | 13   |

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

|                              | NYCERS  | BERS |
|------------------------------|---------|------|
| Number of Payments:          | 10      | 8    |
| Fiscal Year of Last Payment: | 2034    | 2032 |
| Amortization Payment:        | 1,236 K | 2 K  |

Unfunded Accrued Liability increases were amortized over the expected remaining working lifetime of those impacted by the benefit changes using level dollar payments.

CENSUS DATA: The estimates presented herein are based on preliminary census data collected as of June 30, 2023. The census data for the impacted population is summarized below.

|                    | NYCERS  | BERS    |
|--------------------|---------|---------|
| Active Members     |         |         |
| - Number Count:    | 457     | 2       |
| - Average Age:     | 53.3    | 50.0    |
| - Average Service: | 16.8    | 15.5    |
| - Average Salary:  | 125,900 | 122,600 |

IMPACT ON MEMBER BENEFITS: Currently, Tier 4 Auto 25-Year Plan members who never previously participated in either the 55/25 plan or 57/5 plan enacted by Chapter 96 of the Laws of 1995 and who retire with 30 or more years of service, receive a service retirement benefit that is equal to 60% of Final Average Salary (FAS).

Under the proposed legislation, the service retirement benefit for such members with 30 or more years of service would be calculated as the greater of the above, and:

\* For those at least age 62, 60% of FAS plus 1.5% of FAS for each year of service beyond 30 years.

\* For those age 55 through 61, 60% of FAS plus 1.5% of FAS for each year of service beyond 30 years, multiplied by the applicable early retirement age reduction factor.

The service retirement benefits for Tier 6 Auto 25-Year Plan members and Tier 4 members with previous Tier 4 55/25 plan or 57/5 plan participation are assumed to remain unchanged.

ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the Revised 2021 Actuarial Assumptions and Methods of the impacted retirement systems.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the actuarial assumptions, methods, and models 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. Quantifying these risks is beyond the scope of this Fiscal Note.

This Fiscal Note is intended to measure pension-related impacts and does not include other potential costs (e.g., administrative and Other Postemployment Benefits).

STATEMENT OF ACTUARIAL OPINION: Marek Tyszkiewicz and Gregory Zelikovsky are members of the Society of Actuaries and the American Academy of Actuaries. We are members of NYCERS but do not believe it impairs our objectivity and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of our 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 2024-14 dated February 22, 2024 was prepared by the Chief Actuary for the New York City Retirement Systems and Pension Funds. This estimate is intended for use only during the 2024 Legislative Session.