# STATE OF NEW YORK

7346--A

2025-2026 Regular Sessions

# IN ASSEMBLY

March 25, 2025

Introduced by M. of A. PHEFFER AMATO -- read once and referred to the Committee on Governmental Employees -- recommitted to the Committee on Governmental Employees in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the administrative code of the city of New York, in relation to increasing benefits payable by the correction officers' variable supplements fund to beneficiaries

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

Section 1. Section 13-194 of the administrative code of the city of New York is amended by adding a new subdivision 12 to read as follows:

**12. In addition to the payments set forth in paragraphs (c) and (d) of subdivision four of this section, there shall be paid to each beneficiary on or about the December fifteenth next succeeding their date of retirement, an amount equal to the variable supplements payments, subject to the provisions of items (i) and (ii) of subparagraph one of paragraph (e) of subdivision four of this section, that they would have received, had such beneficiary retired on the date of their earliest eligibility for service retirement, in the period measured from (1) the later of (i) such earliest eligibility date and (ii) January first, two thousand twenty-six and (2) their date of retirement.**

§ 2. This act shall take effect immediately.

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

SUMMARY: This proposed legislation would provide certain NYCERS Correction Officers a lump sum benefit upon retirement, commonly referred to as a Deferred Retirement Option Plan (DROP), equal to the amount of Correction Officer Variable Supplements Fund (COVSF) payments such officer would have received if he or she had retired at the later of their respective earliest service retirement eligibility date or January 1, 2026.

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

LBD04098-06-6

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

| Year | NYCERS |
|---|---|
| 2027 | 11.3 |
| 2028 | 11.4 |
| 2029 | 11.6 |
| 2030 | 11.7 |
| 2031 | 11.9 |
| 2032 | 12.0 |
| 2033 | 12.1 |
| 2034 | 12.3 |
| 2035 | 12.4 |
| 2036 | 4.3 |
| 2037 | 4.4 |
| 2038 | 4.5 |
| 2039 | 4.5 |
| 2040 | 4.5 |
| 2041 | 4.4 |
| 2042 | 4.4 |
| 2043 | 4.3 |
| 2044 | 4.2 |
| 2045 | 4.1 |
| 2046 | 4.0 |
| 2047 | 4.0 |
| 2048 | 4.1 |
| 2049 | 4.1 |
| 2050 | 4.1 |
| 2051 | 4.1 |

Projected contributions include future new hires that may be impacted. For Fiscal Year 2052 and beyond, the expected increase in normal cost as a level percent of pay for impacted new entrants is approximately 0.16%.

The entire increase in employer contributions will be allocated to New York City.

PRESENT VALUE OF BENEFITS: The Present Value of Benefits is the discounted expected value of benefits paid to current members if all assumptions are met, including future service accrual and pay increases. Future new hires are not included in this present value.

INITIAL INCREASE (DECREASE) IN ACTUARIAL PRESENT VALUES
as of June 30, 2025 ($ in Millions)

| Present Value (PV) | NYCERS |
|---|---|
| (1) PV of Employer Contributions: | 80.7 |
| (2) PV of Employee Contributions: | **0.0** |
| Total PV of Benefits (1) + (2): | 80.7 |

UNFUNDED ACCRUED LIABILITY (UAL): Actuarial Accrued Liabilities are the portion of the Present Value of Benefits allocated to past service. Changes in UAL were amortized over the expected remaining working life-time of those impacted using level dollar payments.

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

| | NYCERS |
|---|---|
| Increase (Decrease) in UAL: | 51.5 M |
| Number of Payments: | 9 |
| Amortization Payment: | 8.2 M |

CENSUS DATA: The estimates presented herein are based on preliminary census data collected as of June 30, 2025. The census data for the impacted population is summarized below.

| | NYCERS |
|---|---|
| Active Members | |
| - Number Count: | 5,422 |
| - Average Age: | 43.9 |
| - Average Service: | 13.1 |
| - Average Salary: | 134,700 |

IMPACT ON MEMBER BENEFITS: This proposed legislation would provide to NYCERS correction officers who continue to work beyond their earliest service retirement eligibility date a lump sum DROP payment consisting of the annual COVSF payment each year beyond the later of their earliest service retirement date or January 1, 2026 (i.e., the COVSF payments the retiree would have received if he or she had retired at his or her earliest service retirement eligibility date or January 1, 2026, whichever is later) without any adjustment for interest.

The DROP would not apply to deaths or to disability retirement, even if those events occur after the earliest service retirement eligibility date.

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

* New entrants were assumed to replace exiting members so that total payroll increases by 3% each year for impacted groups. New entrant demographics were developed based on data for recent new hires and actuarial judgement.

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). This Fiscal Note does not reflect any chapter laws that may have been enacted during the current legislative session.

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 2026-27 dated March 4, 2026 was prepared by the Chief Actuary for the New York City Retirement Systems and Pension Funds and is intended for use only during the 2026 Legislative Session.