S T A T E O F N E W Y O R K

4114--A

2011-2012 Regular Sessions

I N S E N A T E

March 18, 2011

Introduced by Sen. GOLDEN -- 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 in relation to service credit for certain members of the New York city employees' retirement system

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Notwithstanding any other provision of law to the contrary, Ms. Linda Bores, Ms. Lisa Bosse and Ms. Catherine Littlefield members of the New York city employee's retirement system and employees of the New York city health and hospitals corporation at Coney Island Hospital, who were previously employed by University Group Medical Associates at Coney Island Hospital, shall be eligible for credit for service at Coney Island Hospital while employed by University Group Medical Associates, provided that each such member files a claim for part or all of such service with the retirement system within 90 days of the effective date of this act and contributes to the retirement system an amount which such member would have contributed during such period, together with interest thereon, and further provided that no additional credit for service shall be given for any periods of service already purchased. The amount contributed shall be pursuant to regulations adopted by the board of trustees of the retirement system.

S 2. This act shall take effect immediately.

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

PROVISIONS OF PROPOSED LEGISLATION - OVERVIEW: The proposed legislation would permit Linda Bores, Lisa Bosse and Catherine Littlefield ("Eligible Members"), who are members of the New York City Employees' Retirement System ("NYCERS") employed by the Health and Hospitals Corpo-

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

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ration ("HHC") at Coney Island Hospital who were previously employed by University Group Medical Associates ("UGMA") at Coney Island Hospital, to be eligible for credit for service at Coney Island Hospital while employed by UGMA ("Eligible Service").

The Effective Date of the proposed legislation would be the date of enactment.

IMPACT ON MEMBER CONTRIBUTIONS: The Eligible Members currently participate in the Tier IV Age Fifty-Seven Retirement Program for certain New York City members ("57/5 Plan").

Under the proposed legislation, each Eligible Member would be required to pay Basic Member Contributions ("BMC") and Additional Member Contributions ("AMC") including accrued interest at a rate of 5.0% per annum in order to purchase Eligible Service.

The method of payment, including the amount of periodic deduction from payroll and the time period needed to purchase the Eligible Service, would be prescribed by the Executive Director and approved by the Board of Trustees of NYCERS.

IMPACT ON BENEFITS: The proposed legislation, if enacted, would permit the Eligible Members to acquire service credit for their Eligible Service and would increase their expected benefits payable from NYCERS.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES: Based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Actuarial Present Value of Benefits ("APVB") of NYCERS by approximately $760,000 as of June 30, 2010.

In addition, the Actuarial Present Value ("APV") of future member contributions would decrease by approximately $40,000 as of June 30, 2010. The member contributions to buy back the prior service would equal approximately $370,000 measured as of June 30, 2010.

Consequently, the APV of net future employer contributions would increase by approximately $430,000 as of June 30, 2010.

FINANCIAL IMPACT - ANNUAL EMPLOYER COSTS: Based on the Actuary's actuarial assumptions and methods in effect on June 30, 2010, the enactment of this proposed legislation would increase first year annual employer costs to NYCERS by approximately $60,000.

FINANCIAL IMPACT - EMPLOYER CONTRIBUTIONS: If enacted during the 2012 Legislative Session on or before June 30, 2012, and if these Eligible Members elect to purchase Eligible Service, that Eligible Service would likely first be reflected in the June 30, 2012 census data. In accordance with the One-Year Lag methodology used to determine employer contributions, increased employer contributions would be consistent with the increased employer costs and would be determined for Fiscal Year 2014.

If enacted during the 2012 Legislative Session after June 30, 2012 and on or before June 30, 2013, increased employer contributions would be determined for Fiscal Year 2015.

CENSUS DATA: The census data used for the results presented herein was the active data used in the June 30, 2010 (Lag) actuarial valuation of NYCERS used to determine Preliminary Fiscal Year 2012 employer contributions, supplemented by additional information provided by the Eligible Members.

This supplemental information indicates that the Eligible Members would be eligible to purchase approximately 48 years of Eligible Service.

ACTUARIAL ASSUMPTIONS AND METHODS: The APVB, APV of future member contributions, APV of future salaries, employer costs and employer contributions shown herein have been determined using estimated benefits

and the applicable actuarial assumptions and methods currently in effect for the June 30, 2010 (Lag) actuarial valuation of NYCERS.

POTENTIAL CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS: The impact of enactment of the proposed legislation provided in this Fiscal Note has been based on the continued use of the current actuarial assumptions and methods.

However, the Actuary is currently in the process of proposing a new package of actuarial assumptions and methods for use in determining employer contributions to NYCERS for Fiscal Year 2012 and after, as the current actuarial assumptions no longer represent the Actuary's best estimates.

It it anticipated that the proposed new package of actuarial assumptions and methods would likely result in a greater increase in APVB than the amount determined under the current actuarial assumptions and methods. Annual employer costs and contributions would increase similarly assuming that the prior service obligation associated with this increase in APVB were amortized over a period comparable to that required under the current actuarial methodology.

Hence, the estimated financial impact of proposed legislation incorporating the new package of actuarial assumptions and methods is expected to differ from the financial impact computed using the actuarial assumptions and methods continued from Fiscal Year 2011.

ECONOMIC VALUES OF BENEFITS: The actuarial assumptions used to determine the financial impact of the proposed legislation discussed in this Fiscal Note are those appropriate for budgetary models and determining annual employer contributions to NYCERS.

However, the economic assumptions (current and proposed) that are used for determining employer contributions do not develop risk-adjusted, economic values of benefits. Such risk-adjusted, economic values of benefits would likely differ significantly from those developed by the budgetary models.

STATEMENT OF ACTUARIAL OPINION: I, Robert C. North, Jr., am the Chief Actuary for the New York City Retirement Systems. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of of the American Academy of Actuaries to render the actuarial opinion contained herein.

FISCAL NOTE IDENTIFICATION: This estimate is intended for use only during the 2012 Legislative Session. It is Fiscal Note 2012-01, dated January 12, 2012, prepared by the Chief Actuary for the New York City Employees' Retirement System.