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

7140

2013-2014 Regular Sessions

I N A S S E M B L Y

May 2, 2013

Introduced by M. of A. PRETLOW -- read once and referred to the Committee on Governmental Employees

AN ACT to authorize the New York city employees' retirement system to consider the application for disability retirement benefits from Peter DiMario

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, the application for disability retirement benefits of Peter DiMario, who was employed by the New York city off-track betting corporation from June 1984 until December 2010 when such corporation closed, and is a member of the New York city employees' retirement system, which for reasons not ascribable to his own negligence has been denied a disability retirement from the New York city employees' retirement system, shall be accepted for consideration by the New York city employees' retirement system as if such application had been filed in a timely manner on March 7, 2011.

S 2. All costs associated with the implementation of this act shall be borne by the state.

S 3. This act shall take effect immediately.

FISCAL NOTE.--PROVISIONS OF PROPOSED LEGISLATION: The proposed legislation would authorize the New York City Employees' Retirement System ("NYCERS") to accept for consideration an application for Disability Retirement benefits from Peter DiMario.

BACKGROUND: Mr. DiMario became a Tier IV member of NYCERS on June 18, 1984 and is covered under the provisions of Retirement and Social Security Law ("RSSL") Article 15.

RSSL Article 15, Section 605 provides that an application for Disability Retirement must be filed either:

(a) By a vested member incapacitated as the result of a qualifying World Trade Center condition as defined in RSSL Section 2, at any time, or

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

LBD01789-02-3

(b) Within three months from the last date the member was being paid on the payroll or,

(c) In the case of a member who was placed on a leave of absence for medical reasons without pay, either voluntarily or involuntarily, at the time he/she ceased being paid, not later than twelve months after the date the employee receives notice that his/her employment status has been terminated.

In the case of Mr. DiMario, under current law, he would have had to file pursuant to the preceding basis (b) (i.e., within three months of his last day of pay). His last day of pay was December 7, 2010.

However, Mr. DiMario filed for Disability Retirement on October 25, 2011, more than three months after his last day or pay. Since his application was not timely filed, NYCERS informed Mr. DiMario that it could not be processed.

The proposed legislation, if enacted, would authorize NYCERS to accept for consideration his application for Disability Retirement as if it had been filed in a timely manner on March 7, 2011.

All costs associated with the implementation of this proposed legislation would be borne by New York State.

The Effective Date of the proposed legislation would be the Date of Enactment.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES: The estimated financial impact has been calculated based on the difference between (1) the benefits Mr. DiMario would receive if this proposed legislation were enacted and his application for Disability Retirement were approved and (2) the benefits Mr. DiMario would otherwise be entitled to receive.

The difference in estimated costs is intended to provide a sense of the ultimate financial impact.

The difference in first year employer contributions reflects both the difference in costs and the impact of the actuarial valuation assumptions initially in use.

Based on the actuarial assumptions and methods described herein, on an estimated cost basis, the enactment of this proposed legislation would increase the Actuarial Present Value of Benefits ("APVB") and the Unfunded Actuarial Accrued Liability ("UAAL") of NYCERS by approximately $190,000 as of June 30, 2010.

On an actuarial valuation basis where, as of June 30, 2010, Mr. DiMario is considered to be entitled to a Vested Benefit and assumed to have a life expectancy similar to a Service (rather than Disability) retiree, the proposed legislation would increase the APVB and UAAL of NYCERS by approximately $160,000.

FINANCIAL IMPACT - ANNUAL EMPLOYER COSTS AND ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with Section 13.638.2 (k-2) of the Administrative Code of the City of New York ("ACNY"), new UAAL attributable to benefit changes are to be amortized as determined by the Actuary but generally over the remaining working lifetime of those impacted by the benefit changes. For this proposed legislation, Mr. DiVeglio is inactive and therefore the entire increase in UAAL based on the Actuary's actuarial assumptions and methods in effect on June 30, 2010 of $190,000 (on an estimated cost basis) will be recognized in the first year.

Similarly, as of June 30, 2010, based on the actuarial valuation assumptions and methods then in effect, the proposed legislation would increase the first year's employer contributions by approximately $160,000.

CONTRIBUTION TIMING

If enacted during the 2013 Legislative Session and if his application for Disability Retirement were approved on or before June 30, 2013, his status as a Disability Retiree would likely first be reflected in the June 30, 2013 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 2015.

If enacted during the 2013 Legislative Session, and if his application for Disability Retirement were approved after June 30, 2013 but on or before June 30, 2014, his status as a Disability Retiree would likely first be reflected in the June 30, 2014 census data and increased employer contributions would be determined for Fiscal Year 2016.

ACTUARIAL ASSUMPTIONS AND METHODS: The additional APVB and UAAL for employer contribution purposes presented herein have been calculated by comparing the APVB of a Vested Benefit as determined for actuarial valuation purposes (i.e., using a Service Retirement mortality table) with the APVB of a Disability Retirement benefit as determined for actuarial valuation purposes (i.e., using a Disability Retirement mortality table).

The additional APVB for employer cost purposes (i.e., additional APV of future employer costs and additional annual employer costs) reflect an assumption that Mr. DiMario's life expectancy is more consistent with a Disability Retirement mortality table.

In addition, no optional form of benefit has been assumed payable.

In addition to the actuarial assumptions described above, all results presented herein have been calculated based on the actuarial assumptions and methods in effect for the June 30, 2010 (Lag) actuarial valuations used to determine Fiscal Year 2012 employer contributions of NYCERS.

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 the American Academy of Actuaries to render the actuarial opinion contained herein.

FISCAL NOTE IDENTIFICATION: This estimate is intended for use only during the 2013 Legislative Session. It is Fiscal Note 2013-09, dated April 29, 2013 prepared by the Chief Actuary for the New York City Employees' Retirement System.