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I N A S S E M B L Y

April 29, 2014

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

AN ACT to amend the retirement and social security law, in relation to
members of the twenty-year/age fifty retirement program for Triborough
bridge and tunnel members

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

1 Section 1. Paragraph 1 of subdivision e of section 604-c of the
2 retirement and social security law, as amended by chapter 661 of the
3 laws of 2002, is amended to read as follows:
4 1. In addition to the member contributions required by section six
5 hundred thirteen of this article, each participant in the twenty-
6 year/age fifty retirement program in the rank of bridge and tunnel offi-
7 cer shall contribute to the retirement system of which he or she is a
8 member (subject to the applicable provisions of subdivision d of section
9 six hundred thirteen of this article) an additional five and fifty one-
10 hundredths percent of his or her compensation and each participant in
11 the twenty-year/age fifty retirement program in the rank of sergeant or
12 lieutenant shall contribute to the retirement system an additional six
13 percent of his or her compensation earned [from] FOR (A) all allowable
14 service as a Triborough bridge and tunnel member rendered on and after
15 the date which is one hundred eighty days prior to the starting date of
16 the twenty-year/age fifty retirement program, AND (B) ALL CREDITED
17 SERVICE AFTER SUCH PERSON CEASES TO BE A PARTICIPANT BUT BEFORE HE OR
18 SHE AGAIN BECOMES A PARTICIPANT PURSUANT TO PARAGRAPH SIX OF SUBDIVISION
19 B OF THIS SECTION. A participant in the twenty-year/age fifty retirement
20 program shall contribute additional member contributions until the later
21 of (i) the date as of which he or she has twenty years of credited
22 service as a bridge and tunnel officer, or (ii) the third anniversary of
23 the date that he or she last became a participant in the twenty-year/age
24 fifty retirement program.
25 S 2. This act shall take effect immediately.

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

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

LBD13878-02-4

PROVISIONS OF PROPOSED LEGISLATION: This proposed legislation, revised as described below, would amend Retirement and Social Security Law ("RSSL") Section 604-c.e(1) to require Additional Member Contributions ("AMC") for a period of non-participation be made by a member of the Triborough Bridge and Tunnel Authority ("TBTA") 20-Year/Age 50 Retirement Plan ("TBTA 20/50 Plan") who ceases to be a participant and later again becomes a participant.

The Actuary has a concern that the impact of this proposed legislation may be reduced due to Constitutional Protection under Article V, Section 7 of the New York State Constitution.

Note: The analysis presented in the Fiscal Note presumes that the proposed legislation could be administered as written.

The effective date of the proposed legislation would be the date of enactment.

BACKGROUND: Members in the New York City Employees' Retirement System ("NYCERS") TBTA 20/50 Plan must be employed in a TBTA Eligible Position to be eligible to participate. A TBTA Eligible Position is a position held by a Tier 4 member who is employed as a TBTA Bridge and Tunnel Officer, Sergeant or Lieutenant in a non-managerial position. To participate in the TBTA 20/50 Plan, in addition to Basic Member Contributions, AMC must be made at the rate of 5.5% of gross wages for Officers and 6.0% of gross wages for Sergeants and Lieutenants until the later of (1) 20 years of Credited Service in a TBTA Eligible Position, or (2) the third anniversary of participation in the TBTA 20/50 Plan.

If a TBTA 20/50 Plan member gets promoted to a managerial position, he or she is no longer eligible to participate in that Plan. Subsequently, if the member is reassigned to a non-managerial position, making the member once again eligible to participate in the TBTA 20/50 Plan, the member is then able to retire with full TBTA 20/50 Plan benefits despite not having contributed AMC during the period the member spent in the managerial position.

This proposed legislation, if enacted, would require a member who spends a portion of his or her career in a non-participating managerial position and then returns to a TBTA Eligible Position to contribute AMC for the period of time that the member was in that managerial position.

For purposes of developing the analysis herein, the Actuary has assumed that the required AMC rate for this period of time will be deemed to be equal to the AMC rate last paid by the member while a participant in the TBTA 20/50 Plan.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUE OF BENEFITS: Enactment of this legislation would result in a reduction in the Actuarial Present Value of Benefits ("APVB") and employer contributions to NYCERS and would be based on the number of members affected, the number of years that they were in non-participating positions and their gross wages during those periods. Based on the assumptions herein, the savings in the APVB, if this legislation is enacted, would be approximately \$60,000 per member at the date of retirement.

Although the exact number of affected members cannot be known with certainty, there are approximately 20 members who are currently in managerial positions who could potentially be reassigned to non-managerial positions just prior to retirement, and therefore, avoid the requirement to contribute AMC for a portion of their career. If all 20 members were to be affected by this proposed legislation, the total savings would be approximately \$1,200,000 for this current group of managerial employees if the legislation were to be enacted.

FINANCIAL IMPACT - EMPLOYER COSTS: Enactment of this proposed legislation could decrease employer costs, where such amounts would depend on the number of members affected, upon the number of years that they were in non-participating positions and their gross wages during those years and would equal the value of the additional AMC paid.

The increase in the assets of NYCERS as a result of the additional AMC paid in any year would be treated as an actuarial gain and be amortized over 15 years. Based on the assumptions herein, should 20 members repay \$1,200,000 at the same time, the cost savings would be approximately \$140,000 per year.

FINANCIAL IMPACT - EMPLOYER CONTRIBUTIONS: Decreases in employer contributions would ultimately be comparable to the decreases in employer costs.

ACTUARIAL ASSUMPTIONS AND METHODS: The approximate savings per member in the APVB has been estimated assuming that:

- * The member has been in a managerial position for 10 years
- * The member's gross wages at the end of the 10-year period was \$100,000
- * The member had received increases in gross wages of 4.0% per year during the 10-year period
- * The AMC rate was 6.0% of gross wages, and
- * AMC are accumulated at the rate of 5.0% per year.

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 2014 Legislative Session. It is Fiscal Note 2014-15, dated April 18, 2014 prepared by the Chief Actuary of the New York City Employees' Retirement System.