

4732--A

Cal. No. 986

2013-2014 Regular Sessions

I N S E N A T E

April 19, 2013

Introduced by Sens. DeFRANCISCO, AVELLA, BALL -- 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 -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, passed by Senate and delivered to the Assembly, recalled, vote reconsidered, restored to third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the retirement and social security law, in relation to the employment of retired persons

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

1 Section 1. Subdivision 2 of section 212 of the retirement and social
2 security law, as amended by chapter 74 of the laws of 2006, is amended
3 to read as follows:

4 2. The earning limitations for retired persons in positions of public
5 service under this section shall be in accordance with the following
6 table:

	For the year	Earnings limitation
7		
8	1996	\$12,500
9	1997	\$13,500
10	1998	\$14,500
11	1999	\$15,500
12	2000	\$17,000
13	2001	\$18,500
14	2002	\$20,000
15	2003	\$25,000
16	2004	\$27,500
17	2005 and 2006	\$27,500

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

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1 2007 [and thereafter], \$30,000
 2 2008, 2009, 2010, 2011,
 3 2012 AND 2013
 4 2014 AND THEREAFTER \$32,500

5 S 2. This act shall take effect immediately and shall be deemed to
 6 have been in full force and effect on and after January 1, 2014.

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

This bill would amend Section 212 of the Retirement and Social Security Law to set the amount a retired person may earn in public employment without reduction in retirement allowance during the year 2014 and thereafter, to \$32,500.

If this bill is enacted, insofar as it would affect the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System, the resulting 8.3% increase over the current \$30,000 limit, in place since 2007, which is less than the increase in the consumer price index over the same period would not affect retirement patterns. Therefore, there will be no additional cost.

Summary of relevant resources:

The membership data used in measuring the impact of the proposed change was the same as that used in the March 31, 2013 actuarial valuation. Distributions and other statistics can be found in the 2013 Report of the Actuary and the 2013 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2010, 2011, 2012 and 2013 Annual Report to the Comptroller on Actuarial Assumptions, and the Codes Rules and Regulations of the State of New York: Audit and Control.

The Market Assets and GASB Disclosures are found in the March 31, 2013 New York State and Local Retirement System Financial Statements and Supplementary Information.

I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

This estimate, dated November 15, 2013 and intended for use only during the 2014 Legislative Session, is Fiscal Note No. 2014-31, prepared by the Actuary for the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System.

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

PROVISIONS OF PROPOSED LEGISLATION: With respect to the New York City Retirement Systems ("NYCRS"), this proposed legislation would amend Retirement and Social Security Law ("RSSL") Section 212 to increase the earnings limit of certain members who have returned to employment in Public Service.

The Effective Date of the proposed legislation would be the date of enactment retroactive to January 1, 2014.

IMPACT ON BENEFITS: Retired members of the NYCRS are permitted to return to employment in "Public Service" where such term means employment in the service of New York State ("NYS") or any of its political divisions including:

- * A special district,
- * District corporation,
- * School district,
- * Board of cooperative educational services,
- * County vocational education and extension board,
- * Public benefit corporation,
- * Public authority created by or pursuant to NYS laws, or

* An agency or organization which contributes as a participating employer in a retirement system or pension plan administered by NYS or any of its political subdivisions.

Retirees who return to Public Service and elect to be covered under the provisions of RSSL Section 212 are permitted to earn in a calendar year an amount not exceeding a specific dollar limit without loss, suspension or diminution of their retirement allowances. Once a retiree attains age 65 in a calendar year, there are no earnings limitations in that calendar year or thereafter. Currently, the dollar limitation in effect for Calendar Year 2007 and thereafter is \$30,000.

Under the proposed legislation, the dollar limitation would be increased to \$32,500 for Calendar Year 2014 and thereafter.

FINANCIAL IMPACT - EMPLOYER COST: The ultimate cost of a pension plan is the benefits it pays.

To the extent the current RSSL Section 212 earnings limitation applies in Calendar Years 2014 and later, certain retirees would have their retirement allowances suspended for the remainder of the calendar year in which their earnings in Public Service exceed that earnings limitation.

Enactment of the proposed legislation would raise the amount that could be earned in Public Service. This would result in a slight increase in benefits paid to retirees where their Public Service earnings exceed the current RSSL Section 212 earnings limitation.

If a definite amount of change to the expected retirement allowances to be paid in a calendar year were known, it would be reflected in the fiscal year the legislation were enacted.

However, a change in the applicable retirement allowances paid to NYCERS retired members in a calendar year under this proposed legislation are not known in advance. These changes would be treated as actuarial experience gains/losses recognized in the assets of the respective NYCERS at the end of that fiscal year (i.e., a change in retirement allowances paid during Calendar Year 2014 would be reflected in the NYCERS assets as of June 30, 2015).

Under the Lag actuarial valuation methodology, adjustments in the June 30, 2015 asset values would first impact employer contributions to the respective NYCERS for Fiscal Year 2017.

For those NYCERS reemployed retirees who have elected to become subject to RSSL Section 212 and who have exceeded the limit, the Actuary estimates that the annual potential impact of the proposed legislation would be to increase payouts from the NYCERS by less than \$125,000 and, overall, there would be a de minimis impact on the retirement allowances otherwise payable.

FINANCIAL IMPACT: EMPLOYER CONTRIBUTIONS: If enacted during the 2014 Legislative Session, the impact on employer costs to the NYCERS would begin Fiscal Year 2017.

Overall, the Actuary believes the changes in employer costs and employer contributions to the NYCERS as a result of enactment of the proposed legislation would be de minimis.

OTHER COSTS: Not measured in this Fiscal Note are any possible increased administrative costs attributable to enactment of the proposed legislation.

CENSUS DATA: For purposes of analyzing the impact of the proposed legislation, data on retirees reemployed in Public Service were furnished by the staffs of the NYCERS. This data was reviewed and considered illustrative of those who could potentially be impacted by the proposed legislation. Where data was not final, a percentage of those

retirees employed in Public Service under age 65 were assumed to exceed the RSSL Section 212 limit.

Table 1

NYCRS Retirees Reemployed in Public Service in 2013
Who Elected to be Subject to
RSSL Section 212

Retirement System{1}	Number Reemployed Under Age 65 Any Earnings	Number Reemployed Under Age 65 with Earnings in Excess of \$30,000
NYCERS	282	40
TRS	3,065	11
BERS	20{2}	2
POLICE	233	13
FIRE	7	2{2}
Total	3,607	68

{1} New York City Employees' Retirement System ("NYCERS")
New York City Teachers' Retirement System ("TRS")
New York City Board of Education Retirement System ("BERS")
New York City Police Pension Fund ("POLICE")
New York Fire Department Pension Fund ("FIRE")

{2} Estimated from information furnished.

ACTUARIAL ASSUMPTIONS AND METHODS: Any changes in employer contributions have been estimated based on the actuarial assumptions and methods used in the June 30, 2013 (Lag) actuarial valuations of the NYCRS.

For purposes of analyzing the impact of the proposed legislation, it was assumed that the current number of reemployed NYCRS retirees in Public Service under age 65 earning in excess of the RSSL Section 212 dollar limit would remain constant over time.

It was also assumed that the earnings in Public Service of such reemployed retirees would also exceed the proposed new RSSL Section 212 dollar limit by amounts comparable to those being earned in excess of the current dollar limit.

Additional employer costs have been calculated using the actuarial assumptions and methods currently in effect for the June 30, 2013 (Lag) actuarial valuation of NYCRS to determine employer contributions for Fiscal Year 2015.

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 2014-11, dated April 3, 2014 prepared by the Chief Actuary for the New York City Retirement Systems.