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

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I N A S S E M B L Y

April 25, 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 eligibility of uniformed personnel of the New York city department of correction for ordinary disability benefits

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

Section 1. Section 507-a of the retirement and social security law is amended by adding a new subdivision f to read as follows:

F. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THERE SHALL BE NO RESTRICTIONS ON THE EARNINGS FROM EMPLOYMENT NOT IN PUBLIC SERVICE PERMITTED TO A MEMBER OF THE UNIFORMED PERSONNEL OF THE NEW YORK CITY DEPARTMENT OF CORRECTION WHO:

1. HAS RETIRED PURSUANT TO THE PROVISIONS OF THIS SECTION; AND

2. WAS SUBJECT TO THE PROVISIONS OF (I) SUBDIVISION D OF SECTION FIVE HUNDRED FOUR OF THIS ARTICLE, (II) SUBDIVISION C OF SECTION FIVE HUNDRED FOUR-A OF THIS ARTICLE, OR (III) SUBDIVISION C OF SECTION FIVE HUNDRED FOUR-B OF THIS ARTICLE PRIOR TO HIS OR HER RETIREMENT, SUBSEQUENT TO THE DATE AS OF WHICH HE OR SHE WOULD HAVE BEEN ELIGIBLE FOR SERVICE RETIREMENT.

S 2. This act shall take effect immediately.

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

PROVISIONS OF PROPOSED LEGISLATION: This proposed legislation would amend Retirement and Social Security Law ("RSSL") Section 507-a to add a new Subdivision f to remove restrictions on the earnings from employment in the private sector for periods subsequent to the former member's earliest eligibility date for Service Retirement for uniformed personnel of the New York City Department of Correction ("Correction Personnel") who were members of the New York City Employees' Retirement System ("NYCRS") and who have retired and are receiving Ordinary Disability benefits ("Correction ODR Retirees").

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

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

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IMPACT ON BENEFITS: NYCERS restricts the total Personal Service Income ("PSI") of a Correction ODR Retiree, in a calendar year, resulting from all public and private employment.

If a Correction ODR Retiree's PSI from all public and private employment exceeds the NYCERS PSI limitation, then such retiree's disability pension is suspended for 12 months. The NYCERS PSI limitation for 2013 was $28,800 and increases each year with the Consumer Price Index.

If the proposed legislation is enacted, earnings of a Correction ODR Retiree earned subsequent to the date as of which the retiree would have been eligible for Service Retirement would no longer be limited in this manner by the NYCERS.

It is the understanding of the Actuary that in lieu of such NYCERS limitations, the limitations on PSI or ODR Correction Retirees would fall back to the restrictions imposed by New York City Charter ("NYCC") Section 1117.

NYCC Section 1117 limits the sum of the retirement allowance and the PSI for any ODR Retiree of the New York City Retirement Systems to $1,800 per year from most public employment within New York State (including New York City). However, NYCC Section 1117 places no limits on the amounts of PSI that may be earned from employment from other sources.

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

To the extent NYCERS earnings limitations would have applied in Calendar Years 2014 and later, certain Correction ODR Retirees would have had their pension temporarily suspended in years subsequent to the date as of which the retiree would have been eligible for Service Retirement where PSI exceeded those NYCERS earnings limitations.

Enactment of legislation would eliminate the decrease in benefits to those Correction ODR Retirees where PSI exceeds the NYCERS earnings limitations.

As the Actuary believes that few, if any, Correction ODR Retirees currently earn excess PSI that results in a suspension of their Ordinary Disability benefits, the increase in benefits would be de minimis.

FINANCIAL IMPACT: EMPLOYER CONTRIBUTIONS: The change in employer contributions would depend upon the amount and timing of pension payments that would no longer be suspended as a result of this legislation, but would ultimately be comparable to the change in employer costs and 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.

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 2014-17, dated April 21, 2014 prepared by the Chief Actuary for the New York City Employees' Retirement System.