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

6467--A

I N S E N A T E

January 28, 2014

Introduced by Sen. GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general municipal law and the retirement and social security law, in relation to increasing certain special accidental death benefits

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

Section 1. Subdivision c of section 208-f of the general municipal law, as amended by chapter 196 of the laws of 2013, is amended to read as follows:

c. Commencing July first, two thousand [thirteen] FOURTEEN the special accidental death benefit paid to a widow or widower or the deceased member's children under the age of eighteen or, if a student, under the age of twenty-three, if the widow or widower has died, shall be escalated by adding thereto an additional percentage of the salary of the deceased member (as increased pursuant to subdivision b of this section) in accordance with the following schedule:

calendar year of death of the deceased member	per centum
1977 or prior	[189.8%] 198.5%
1978	[181.4%] 189.8%
1979	[173.2%] 181.4%
1980	[165.2%] 173.2%
1981	[157.5%] 165.2%
1982	[150.0%] 157.5%
1983	[142.7%] 150.0%
1984	[135.7%] 142.7%
1985	[128.8%] 135.7%
1986	[122.1%] 128.8%
1987	[115.7%] 122.1%
1988	[109.4%] 115.7%
1989	[103.3%] 109.4%

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

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1990	[97.4%] 103.3%
1991	[91.6%] 97.4%
1992	[86.0%] 91.6%
1993	[80.6%] 86.0%
1994	[75.4%] 80.6%
1995	[70.2%] 75.4%
1996	[65.3%] 70.2%
1997	[60.5%] 65.3%
1998	[55.8%] 60.5%
1999	[51.3%] 55.8%
2000	[46.9%] 51.3%
2001	[42.6%] 46.9%
2002	[38.4%] 42.6%
2003	[34.4%] 38.4%
2004	[30.5%] 34.4%
2005	[26.7%] 30.5%
2006	[23.0%] 26.7%
2007	[19.4%] 23.0%
2008	[15.9%] 19.4%
2009	[12.6%] 15.9%
2010	[9.3%] 12.6%
2011	[6.1%] 9.3%
2012	[3.0%] 6.1%
2013	[0.0%] 3.0%
2014	0.0%

S 2. Subdivision c of section 361-a of the retirement and social security law, as amended by chapter 196 of the laws of 2013, is amended to read as follows:

c. Commencing July first, two thousand [thirteen] FOURTEEN the special accidental death benefit paid to a widow or widower or the deceased member's children under the age of eighteen or, if a student, under the age of twenty-three, if the widow or widower has died, shall be escalated by adding thereto an additional percentage of the salary of the deceased member, as increased pursuant to subdivision b of this section, in accordance with the following schedule:

calendar year of death of the deceased member	per centum
1977 or prior	[189.8%] 198.5%
1978	[181.4%] 189.8%
1979	[173.2%] 181.4%
1980	[165.2%] 173.2%
1981	[157.5%] 165.2%
1982	[150.0%] 157.5%
1983	[142.7%] 150.0%
1984	[135.7%] 142.7%
1985	[128.8%] 135.7%
1986	[122.1%] 128.8%
1987	[115.7%] 122.1%
1988	[109.4%] 115.7%
1989	[103.3%] 109.4%
1990	[97.4%] 103.3%
1991	[91.6%] 97.4%
1992	[86.0%] 91.6%
1993	[80.6%] 86.0%
1994	[75.4%] 80.6%
1995	[70.2%] 75.4%

1996	[65.3%] 70.2%
1997	[60.5%] 65.3%
1998	[55.8%] 60.5%
1999	[51.3%] 55.8%
2000	[46.9%] 51.3%
2001	[42.6%] 46.9%
2002	[38.4%] 42.6%
2003	[34.4%] 38.4%
2004	[30.5%] 34.4%
2005	[26.7%] 30.5%
2006	[23.0%] 26.7%
2007	[19.4%] 23.0%
2008	[15.9%] 19.4%
2009	[12.6%] 15.9%
2010	[9.3%] 12.6%
2011	[6.1%] 9.3%
2012	[3.0%] 6.1%
2013	[0.0%] 3.0%
2014	0.0%

S 3. This act shall take effect July 1, 2014.

FISCAL NOTE.--This bill would amend both the General Municipal Law and the Retirement and Social Security Law to increase the salary used in the computation of the special accidental death benefit by 3% in cases where the date of death was before 2014.

Insofar as this bill would amend the Retirement and Social Security Law, it is estimated that there would be an additional annual cost of approximately $438,000 above the approximately $9.7 million current annual cost of this benefit. This cost would be shared by the State of New York and all participating employers of the New York State and Local Police and Fire Retirement System.

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

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.

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 January 13, 2014 and intended for use only during the 2014 Legislative Session, is Fiscal Note No. 2014-55, prepared by the Actuary for the New York State and Local Police and Fire Retirement System.

FISCAL NOTE.--PROVISIONS OF PROPOSED LEGISLATION- OVERVIEW: With respect to the City of New York (the "City"), this proposed legislation would amend General Municipal Law ("GML") Section 208-f.c to increase certain Special Accidental Death Benefits ("SADB") for line-of-duty widows/widowers and/or children and/or certain other individuals ("Eligible Beneficiaries") of former uniformed employees of the City and the New York City Health and Hospitals Corporation and for certain

former employees of the Triborough Bridge and Tunnel Authority who were members of certain New York City Retirement Systems ("NYCRS").

The Effective Date of the proposed legislation would be July 1, 2014.

IMPACT ON BENEFITS - SADB RECIPIENTS: With respect to the NYCRS, the proposed legislation would impact the SADB payable to certain survivors of members of the:

* New York City Employees' Retirement System ("NYCERS"), or
* New York City Police Pension Fund ("POLICE"), or
* New York Fire Department Pension Fund ("FIRE"), and

who were employed by one of the following employers in certain positions;

* New York City Police Department - Uniformed Position,
* New York City Fire Department - Uniformed Position,
* New York City Housing Authority - Uniformed Position,
* New York City Transit Authority - Uniformed Position,
* New York City Department of Correction - Uniformed Position,
* New York City - Uniformed Position as Emergency Medical Technician ("EMT"),
* New York City Health and Hospitals Corporation - Uniformed Position as EMT, or
* Triborough Bridge and Tunnel Authority - Bridge and Tunnel Position.

DESCRIPTION OF BENEFITS PAYABLE: Under the GML, the basic SADB is defined to equal:

The salary of the deceased member at date of death (or, in certain instances, a greater salary based on rank or other status) ("Final Salary"), less:

* Any death benefit as adjusted by any Supplementation or Cost-of-Living Adjustment ("COLA") paid by the NYCRS to the member's survivors,
* Any death benefit paid by Social Security to the member's survivors, and
* Any Worker's Compensation benefit paid to the member's survivors.

The SADB is paid to the deceased member's surviving widow or widower, if alive. If the widow/widower is no longer alive, then the SADB is paid to the deceased member's children until age eighteen or while attending school until age twenty-three. If neither a widow/widower nor a child is alive, then the SADB may be paid to certain other individuals if eligible in accordance with certain laws related to the World Trade Center ("WTC") attack.

The GML also provides that the SADB is subject to escalation based on the calendar year of death of the member. Each year since Calendar Year 1977 the SADB has been increased by an additional cumulative, incremental percentage of Final Salary. For example, for a covered member deceased in Calendar Year 1979, the SADB cumulative percentage is 173.2% of Final Salary as of July 1, 2013.

Under the proposed legislation, the additional, incremental percentage of Final Salary to be effective July 1, 2014 would be 3.0%.

FINANCIAL IMPACT - EMPLOYER PAYMENTS: With respect to the NYCRS, as these SADB are provided on a pay-as-you-go basis, the additional annual employer payments expected to be paid during the first year, if the proposed legislation is enacted, would equal approximately $2.7 million.

NOTE: These additional payments represent an increase of approximately 4.5% in the estimated SADB payments during the first year.

The SADB payments are made by the NYCRS who are reimbursed by the City.

NOTE: Historically, the State of New York (the "State") reimbursed the City for most GML Section 208.f payments. However, it is the understand-

ing of the Actuary that since 2009 the State has limited its reimbursement to a fixed amount. Should this amount not be increased, then the additional cost of this proposed legislation would be borne entirely by the City of New York.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES OF BENEFITS ("APVB"): With respect to the Eligible Beneficiaries of deceased NYCRS members who would be impacted by this proposed legislation, under the actuarial assumptions used in the June 30, 2013 (Lag) actuarial valuations of the NYCRS, including an Actuarial Interest Rate ("AIR") assumption of 7.0% per annum, the enactment of this proposed legislation would increase APVB by approximately $30.9 million as of June 30, 2014.

Based on the same demographic actuarial assumptions but with an AIR assumption of 4.0% per annum, the enactment of this proposed legislation would increase APVB by approximately $41.9 million as of June 30, 2014.

OTHER COSTS: The enactment of this proposed legislation would also be expected to result in modest increases in administrative expenses of NYCERS, POLICE, FIRE, the employers and certain New York City agencies.

CENSUS DATA: The financial impact of the proposed legislation is based upon the census data for such Eligible Beneficiaries provided by the NYCRS and adjusted, as necessary, to prepare the computations and for consistency with other data.

The following table shows, by Retirement System, the number of deceased members with eligible survivors as reported by the NYCRS and the estimated annual SADB rate prior to the increase proposed to be effective as of July 1, 2014.

Table 1
SADB Census Data as Reported by the NYCRS
($ Millions)

Retirement System	Number of Deceased Members with Eligible Survivors	Annual SADB Rate Prior to Proposed July 1, 2014 Increase
NYCERS	30	$1.3
POLICE	320	17.8
FIRE	618	39.8
Total	968	$58.9

ACTUARIAL ASSUMPTIONS AND METHODS: Additional APVB have been computed based on the actuarial assumptions and methods in effect for the June 30, 2013 (Lag) actuarial valuations of NYCERS, POLICE and FIRE used to determine the Preliminary Fiscal Year 2015 employer contributions, including an AIR assumption of 7.0% per annum (net of Investment Expenses).

The demographic actuarial assumptions were adopted by the Board of Trustees of each NYCRS during Fiscal Year 2012 and the AIR assumption was enacted by the New York State Legislature and Governor as Chapter 3 of the Laws of 2013 ("Chapter 3/13").

Additional APVB have also been developed using an AIR assumption of 4.0% per annum that could be more consistent with the potential cost of debt issued by the State of New York or the City of New York under a long-term Consumer Price Inflation ("CPI") assumption of 2.5% per year.

ECONOMIC VALUE OF BENEFITS: The actuarial assumptions used in the June 30, 2013 (Lag) actuarial valuations of the NYCRS are appropriate for budgetary models and for determining annual employer contributions to the NYCRS.

However, these actuarial assumptions used to determine employer contributions do not develop risk-adjusted, economic values of benefits. In the current economic environment of low U.S. Treasury security

yields, such risk-adjusted, economic values of benefits could be significantly greater than the APVB developed herein.

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 2014-09, dated March 18, 2014, prepared by the Chief Actuary for the New York City Employees' Retirement System, the New York City Police Pension Fund and the New York Fire Department Pension Fund.