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

S. 4335 A. 6088

2015-2016 Regular Sessions

S E N A T E - A S S E M B L Y

March 16, 2015

IN SENATE -- Introduced by Sen. LAVALLE -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

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

AN ACT in relation to granting tier II retirement benefits in the New York city retirement system to Elisabeth Beavan

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, Elisabeth Beavan, formerly Elisabeth Uellendahl, who joined the New York City Employees' Retirement System as a Tier II, Plan C member on July 6, 1982 and who when added to her prior credited service of 6.54 years that was transferred from the New York State Employees' Retirement System, earned a total of 12.05 years of credited service, but for reasons not ascribable to her own negligence failed to file the appropriate form to withdraw from Plan C and switch to Plan D to become eligible for a vested retirement benefit. She will have one year from the date of enactment to file the appropriate form to effect the switch from Plan C to Plan D.

S 2. This act shall take effect immediately.

FISCAL NOTE.-- The proposed legislation refers to Ms. Beavan having transferred service from the New York State Employees' Retirement System. The official name of the Retirement System from which she transferred is the New York State and Local Employees' Retirement System.

PROVISIONS OF PROPOSED LEGISLATION: The proposed legislation would authorize the New York City Employees' Retirement System ("NYCERS") to accept an application from Elisabeth Beavan to switch from the Modified Career Pension Plan ("Plan C") to the Modified 55-Year Increased Service Fractional Plan ("Plan D").

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

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BACKGROUND: Ms. Beavan became a member of NYCERS on July 6, 1982. She became a Tier 2 member as a result of a transfer of 6.54 years of service earned while a member of the New York State and Local Employees' Retirement System and elected to participate in NYCERS Plan C.

Administrative Code of the City of New York ("ACNY") Section 13-173 provides that an individual must be a member of Plan D at the time of discontinuance from city-service in order to be eligible for a vested benefit under Plan D. Since Ms. Beavan never filed the appropriate form to withdraw from Plan C and switch to Plan D, she is not eligible for a vested benefit and she is only eligible to receive a return of her accumulated member contributions.

The proposed legislation, if enacted, would authorize NYCERS to accept an application from Ms. Beavan within one year from the date of enactment to switch from Plan C to Plan D as if it had been filed prior to her date of resignation.

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 the sum of (1) the prospective benefits plus (2) the retroactive benefits Ms. Beavan would receive if this proposed legislation were enacted and (3) the benefits Ms. Beavan would otherwise be entitled to receive.

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

If the legislation were to be enacted, Ms. Beavan would be entitled to a pension of $11,930 per year beginning September 18, 2012 (age 62) under the maximum payout option. If the legislation were not enacted, Ms. Beavan would only be entitled to a refund of her accumulated member contributions.

Based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Actuarial Present Value ("APV") of Benefits ("APVB") and the Unfunded Actuarial Accrued Liability ("UAAL") of NYCERS by approximately $166,000 as of June 30, 2015, calculated as (1) plus (2) less (3);

(1) APV of future pension payments beginning July 2015 of approximately $140,000

(2) Accumulated value of retroactive pension payments from September 2012 through June 2015 of approximately $33,000

(3) Refund of accumulated member contributions of approximately $7,000.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS AND ANNUAL EMPLOYER COSTS: 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, Ms. Beavan is inactive and therefore the entire increase in UAAL as of June 30, 2015 of $166,000 based on the Actuary's current actuarial assumptions and methods should be recognized in the first year for contribution purposes.

The increase in employer costs would be comparable to the increase in employer contributions.

CONTRIBUTION TIMING: If enacted during the 2015 Legislative Session and if her application for switching to Plan D were filed on or before June 30, 2015, her status as a Plan D Retiree would likely first be reflected in the June 30, 2015 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 2017.

If enacted during the 2015 Legislative Session, and if her application for switching to Plan D were filed after June 30, 2015 but on or before June 30, 2016, her status as a Plan D Retiree would likely first be reflected in the June 30, 2016 census data and increased employer contributions would be determined for Fiscal Year 2018.

ACTUARIAL ASSUMPTIONS AND METHODS: The additional APVB and UAAL presented herein have been calculated based on the actuarial assumptions and methods in effect for the June 30, 2013 (Lag) actuarial valuations used to determine Fiscal Year 2015 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 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 Acting Chief Actuary for the New York City Retirement Systems. I am a Fellow of the Society of Actuaries and 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 2015 Legislative Session. It is Fiscal Note 2015-11, dated March 6, 2015 prepared by the Acting Chief Actuary for the New York City Employees' Retirement System.