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

4700

2015-2016 Regular Sessions

I N S E N A T E

April 8, 2015

Introduced by Sen. GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Cities

AN ACT to amend the administrative code of the city of New York and the retirement and social security law, in relation to the disability benefits of sanitation members of the New York City employees' retirement system

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

Section 1. Section 13-171 of the administrative code of the city of New York is amended by adding a new subdivision c to read as follows:

C. THE PROVISIONS OF SUBDIVISIONS A AND B OF THIS SECTION SHALL APPLY TO ANY SANITATION MEMBER WHO RETIRED PURSUANT TO SECTION FIVE HUNDRED SIX OR FIVE HUNDRED SEVEN OF THE RETIREMENT AND SOCIAL SECURITY LAW AND WHO IS UNDER EARLY RETIREMENT AGE AS DEFINED IN SECTION FIVE HUNDRED ONE OF THE RETIREMENT AND SOCIAL SECURITY LAW FOR CORRECTION/SANITATION REVISED PLAN MEMBERS.

S 2. Section 506 of the retirement and social security law is amended by adding a new subdivision e to read as follows:

E. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER OR OF ANY GENERAL, SPECIAL OR LOCAL LAW, CHARTER, ADMINISTRATIVE CODE OR RULE OR REGULATION TO THE CONTRARY, SUBDIVISIONS A, B, C AND D OF THIS SECTION SHALL NOT APPLY TO SANITATION MEMBERS OF THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM WHO ARE SUBJECT TO THIS ARTICLE. A SANITATION MEMBER OF THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM WHO IS SUBJECT TO THIS ARTICLE SHALL INSTEAD BE ELIGIBLE FOR ORDINARY DISABILITY RETIREMENT PURSUANT TO SECTION 13-167 OF THE ADMINISTRATIVE CODE OF THE CITY OF NEW YORK AND SHALL RECEIVE A RETIREMENT ALLOWANCE WHICH SHALL BE EQUAL TO THE GREATER OF:

(I) ONE-THIRD OF HIS OR HER FINAL AVERAGE SALARY; OR

(II) ONE-SIXTIETH OF HIS OR HER FINAL AVERAGE SALARY MULTIPLIED BY THE NUMBER OF YEARS OF HIS OR HER CREDITED SERVICE; PROVIDED, HOWEVER, THAT

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

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WHERE SUCH MEMBER IS OTHERWISE ELIGIBLE TO RETIRE FROM SERVICE, AND THE RETIREMENT ALLOWANCE WHICH HE OR SHE WOULD RECEIVE IN THE CASE OF SERVICE RETIREMENT IS LARGER THAN THE RETIREMENT ALLOWANCE HE OR SHE WOULD OTHERWISE RECEIVE UNDER THIS PARAGRAPH OR PARAGRAPH (I) OF THIS SUBDIVISION, HIS OR HER DISABILITY RETIREMENT ALLOWANCE PURSUANT TO THIS SUBDIVISION SHALL BE EQUAL TO THE RETIREMENT ALLOWANCE HE OR SHE WOULD RECEIVE IF HE OR SHE HAD RETIRED FROM SERVICE.

S 3. Section 507 of the retirement and social security law is amended by adding a new subdivision j to read as follows:

J. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER OR ANY GENERAL, SPECIAL OR LOCAL LAW, CHARTER, ADMINISTRATIVE CODE OR RULE OR REGULATION TO THE CONTRARY, SUBDIVISIONS A, B, C, D, E AND F OF THIS SECTION SHALL NOT APPLY TO SANITATION MEMBERS OF THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM WHO ARE SUBJECT TO THIS ARTICLE. A SANITATION MEMBER OF THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM WHO IS SUBJECT TO THIS ARTICLE SHALL INSTEAD BE ELIGIBLE FOR ACCIDENTAL DISABILITY RETIREMENT PURSUANT TO SECTION 13-168 OF THE ADMINISTRATIVE CODE OF THE CITY OF NEW YORK AND ANY ACCIDENTAL DISABILITY RETIREMENT BENEFITS FOUND IN THE GENERAL MUNICIPAL LAW AND SHALL RECEIVE A RETIREMENT ALLOWANCE WHICH SHALL BE EQUAL TO THREE-QUARTERS OF FINAL AVERAGE SALARY SUBJECT TO THE PROVISIONS OF SECTION 13-176 OF THE ADMINISTRATIVE CODE OF THE CITY OF NEW YORK.

S 4. Section 510 of the retirement and social security law is amended by adding a new subdivision i to read as follows:

I. NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS ARTICLE OR THE ADMINISTRATIVE CODE OF THE CITY OF NEW YORK, THE ANNUAL ESCALATION PROVIDED IN THIS SECTION SHALL NOT APPLY TO THE ORDINARY OR ACCIDENTAL DISABILITY RETIREMENT BENEFIT OF SANITATION MEMBERS OF THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM WHO RETIRE PURSUANT TO SECTION FIVE HUNDRED SIX OR FIVE HUNDRED SEVEN OF THIS ARTICLE. THE ORDINARY OR ACCIDENTAL DISABILITY RETIREMENT BENEFIT OF SUCH MEMBERS SHALL BE ADJUSTED FOR COST-OF-LIVING PURSUANT TO THE PROVISIONS OF SECTION 13-696 OF THE ADMINISTRATIVE CODE OF THE CITY OF NEW YORK.

S 5. Subdivision f of section 511 of the retirement and social security law, as amended by chapter 18 of the laws of 2012, is amended to read as follows:

f. This section shall not apply to general members in the uniformed correction force of the New York city department of correction or to uniformed personnel in institutions under the jurisdiction of the department of corrections and community supervision and security hospital treatment assistants, as those terms are defined in subdivision i of section eighty-nine of this chapter, provided, however, that the provisions of this section shall apply to a New York city uniformed [corrections/sanitation] CORRECTIONS revised plan member, AND THIS SECTION SHALL ALSO NOT APPLY TO SANITATION REVISED PLAN MEMBERS OF THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM WHO ARE SUBJECT TO THIS ARTICLE WHO RETIRE ON ORDINARY OR ACCIDENTAL DISABILITY RETIREMENT PURSUANT TO SECTION FIVE HUNDRED SIX OR FIVE HUNDRED SEVEN OF THIS ARTICLE.

S 6. Section 512 of the retirement and social security law is amended by adding a new subdivision e to read as follows:

E. NOTWITHSTANDING THE PROVISIONS OF SUBDIVISION A OF THIS SECTION, OR ANY OTHER GENERAL, SPECIAL OR LOCAL LAW, WITH RESPECT TO SANITATION MEMBERS OF THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM WHO RETIRE PURSUANT TO SECTION FIVE HUNDRED SIX AND FIVE HUNDRED SEVEN OF THIS ARTICLE A MEMBER'S FINAL AVERAGE SALARY SHALL MEAN THE SALARY EARNED BY SUCH MEMBER DURING THE ANY THREE CONSECUTIVE YEARS WHICH PROVIDE THE

HIGHEST AVERAGE WAGE, EXCLUSIVE OF ANY FORM OF TERMINATION PAY (WHICH SHALL INCLUDE ANY COMPENSATION IN ANTICIPATION OF RETIREMENT), OR ANY LUMP SUM PAYMENT FOR DEFERRED COMPENSATION, SICK LEAVE, OR ACCUMULATED VACATION CREDIT, OR ANY OTHER PAYMENT FOR TIME NOT WORKED (OTHER THAN COMPENSATION RECEIVED WHILE ON SICK LEAVE OR AUTHORIZED LEAVE OF ABSENCE); PROVIDED, HOWEVER, IF THE SALARY OR WAGES EARNED DURING ANY YEAR INCLUDED IN THE PERIOD EXCEEDS THAT OF THE AVERAGE OF THE PREVIOUS TWO YEARS BY MORE THAN TEN PER CENTUM, THE AMOUNT IN EXCESS OF TEN PER CENTUM SHALL BE EXCLUDED FROM THE COMPUTATION OF FINAL AVERAGE SALARY. IN DETERMINING FINAL AVERAGE SALARY, ANY MONTH OR MONTHS (NOT IN EXCESS OF THREE) WHICH WOULD OTHERWISE BE INCLUDED IN COMPUTING FINAL AVERAGE SALARY BUT DURING WHICH THE MEMBER WAS ON AUTHORIZED LEAVE OF ABSENCE WITHOUT PAY SHALL BE EXCLUDED FROM THE COMPUTATION OF FINAL AVERAGE SALARY AND THE MONTH OR AN EQUAL NUMBER OF MONTHS IMMEDIATELY PRECEDING SUCH PERIOD SHALL BE SUBSTITUTED IN LIEU THEREOF.

S 7. This act shall take effect on the sixtieth day after it shall have become a law.

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

BACKGROUND - DESIGN OF PROPOSED LEGISLATION

In general, the OA believes that proposed legislation should:

* Be technically accurate,
* Be clear in its intent,
* Be administrable, and
* Meet desired policy objectives.

While the OA cannot provide any legal analysis, the OA has done a review of the proposed legislation and has some concerns. These concerns that follow represent the best understanding of the Actuary and staff of the OA and should not be considered legal interpretations. All of these concerns and suggestions should be reviewed by Counsel.

CONCERNS WITH PROPOSED LEGISLATION WITH RESPECT TO ORDINARY DISABILITY RETIREMENT ("ODR") AND ACCIDENTAL DISABILITY RETIREMENT ("ADR")

* Benefits Compared to Tier IV: The proposed legislation, if enacted, would revise the ODR and ADR benefit formulas for Tier VI Sanitation Members.

It appears that the proposed Tier VI ODR benefit formula is intended to be the same as the ODR benefit available to Tier IV Sanitation Members (i.e., 1 2/3% of Three-Year Final Average Salary ("FAS3") multiplied by the years of service, but not less than one-third of FAS3).

Similarly, it also appears that the proposed ADR benefit formula for Tier VI Sanitation Members is intended to be the same as the ADR benefit available to Tier IV Sanitation Members (i.e., 75% of FAS3 but not less than 1 2/3% of FAS3 multiplied by years of credited service).

Sanitation Tier IV ODR and ADR benefits are subject to Cost-of-Living Adjustments ("COLA") under Chapter 125 of the Laws of 2000 on the first $18,000 of benefit after five years of Disability Retirement.

Given the proposed statutory references, it is the understanding of the Actuary that the proposed ODR and ADR benefits for Tier VI Sanitation Members would be entitled to the COLA described in the preceding paragraph, but would NOT be subject to an annual Tier VI Escalation increase on the full benefit immediately from the date of Disability Retirement.

* Presumptive Conditions for ADR

It is the understanding of the Actuary that the proposed legislation, if enacted, would provide Tier VI Sanitation Members the ability to be eligible for and to utilize the presumptive conditions that qualify for ADR that are available to Tier IV Sanitation Members.

The reasoning behind this understanding is that in the proposed legislation, eligibility conditions for Tier VI Sanitation members for ODR would be determined pursuant to the Administrative Code of the City of New York ("ACNY") Section 13-167 (i.e., those that apply to Tier IV Sanitation Members), notwithstanding anything to the contrary.

Similarly, in the proposed legislation, eligibility conditions for Tier VI Sanitation Members for ADR would be determined pursuant to the Administrative Code of the City of New York ("ACNY") Section 13-168 (i.e., those that apply to Tier IV Sanitation Members), notwithstanding anything to the contrary.

It is the understanding of the Actuary that in the proposed legislation, eligibility for ODR and ADR would not be pursuant to RSSL Section 507.e. RSSL Section 507.e provides that a member shall not be eligible for ODR or ADR unless the member waives the benefits of any statutory presumptions. Accordingly, it is the understanding of the Actuary that since under the proposed legislation RSSL Section 507.e would no longer apply to Tier VI Sanitation Members, Tier VI Sanitation Members would not be required to waive RSSL Section 507.e in order to be eligible for ODR and ADR benefits. Consequently, the statutory presumptions would apply since they have not been waived.

In accordance with the above reasoning, since current Tier VI Sanitation Members are required to waive the presumptions pursuant to RSSL Section 507.e, it is the understanding of the Actuary that Tier VI Sanitation Members are currently not entitled to presumptive conditions for ADR.

* Consistency Amongst Uniformed Groups

This proposed legislation would cover members of Sanitation but not members of any other uniformed groups. Given the historical consistency in benefits amongst certain uniformed groups, this proposed legislation would likely lead to demands for similar legislation for at least some other uniformed groups.

FISCAL NOTE:

PROVISIONS OF PROPOSED LEGISLATION: This proposed legislation would amend Retirement and Social Security Law ("RSSL") Sections 506, 507, 510, 511 and 512 and Administrative Code of the City of New York ("ACNY") Section 13-171 to change, for Tier VI Sanitation members of the New York City Employees' Retirement System ("NYCERS") subject to Article 14 of the RSSL as amended by Chapter 18 of the Laws of 2012 ("Tier VI members"), the eligibility for and the calculation of Ordinary Disability Retirement ("ODR") benefits and Accidental Disability Retirement ("ADR") benefits.

The Effective Date of the proposed legislation would be the 60th day after the date of enactment.

IMPACT ON ODR BENEFITS PAYABLE: The current eligibility provisions for ODR benefits for Tier VI Sanitation Members are based on:

* Completing five or more years of service, and
* Becoming eligible for Primary Social Security Disability retirement benefits.

Such current Tier VI ODR benefits are equal to the greater of:

* 33 1/3% of Five-Year Final Average Salary ("FAS5"), or
* 2% of FAS5 multiplied by years of credited service (not in excess of 22 years),
* Reduced by 50% of the Primary Social Security Disability benefits (determined under RSSL Section 511), and
* Reduced by 100% of Workers' Compensation benefits (if any).

It is the understanding of the Actuary that Sanitation Members are not covered by Workers' Compensation.

Under the proposed legislation the eligibility requirements for ODR benefits for Tier VI Sanitation Members would be revised to be the same as those provided in ACNY Section 13-167 (i.e., the provisions applicable to Tier IV Sanitation members) and would be based on completing ten or more years of service.

Such Tier IV ODR benefits are equal to the greater of:

* 33 1/3% of Three-Year Final Average Salary ("FAS3"), or
* 1 2/3% of FAS31 multiplied by years of credited service.

In addition, the proposed legislation would NOT apply the Escalation available under RSSL Section 510 to ODR benefits for Tier VI Sanitation Members. However, such ODR benefits would still be eligible for Cost-of-Living Adjustments ("COLA") under Chapter 125 of the Laws of 2000.

Note: As a result of Constitutional Protection under Article V, Section 7 of the New York State Constitution, it is the understanding of the Actuary that all Tier VI Sanitation members who are NYCERS members prior to the effective date of this proposed legislation would continue to be eligible for the current Tier VI ODR provisions, and this has been assumed for purposes of determining obligations under this proposed legislation.

IMPACT ON ADR BENEFITS PAYABLE: The current eligibility provision for ADR benefits for Tier VI Sanitation Members is based on:

* Being physically or mentally incapacitated as a result of an accident sustained in the line of duty as determined by the administrative authority assigned by NYCERS.

Such ADR benefits are equal to:

* 50% multiplied by FAS5,
* Less 50% of Primary Social Security disability benefit or Primary Social Security benefits, whichever begins first (determined under RSSL Section 511),
* Less 100% of Workers' Compensation benefits (if any).

Note: It is the understanding of the Actuary that Sanitation Members are not covered by Workers' Compensation.

Under the proposed legislation the eligibility requirements for ADR benefits for Tier VI Sanitation Members would be revised to be the same as those provided in ACNY Section 13-168 (i.e., the provisions applicable to Tier IV Sanitation Members).

In addition, it is the understanding of the Actuary that the proposed legislation, if enacted, would provide that Tier VI Sanitation Members could be eligible for and utilize the statutory presumptions (e.g., certain heart diseases) that qualify certain Tier IV Sanitation Members for ADR and Accidental Death Benefits.

As a consequence of RSSL Section 507.e, a Tier VI Sanitation Member would not be eligible for ADR unless the member waived the benefits of any statutory presumptions (e.g., certain heart diseases).

Under the proposed legislation, if enacted, the ADR benefit for Tier VI Sanitation Members would be revised to equal a retirement allowance equal to:

* 75% multiplied by FAS3.

In addition, the proposed legislation would NOT apply the Escalation available under RSSL Section 510 to ADR benefits for Tier VI Sanitation Members. However, such ADR benefits would still be eligible for COLA under Chapter 125 of the Laws of 2000.

FINANCIAL IMPACT - CHANGES IN BENEFITS - ACTUARIAL PRESENT VALUES: Based on the census data and the actuarial assumptions and methods noted

herein, if the Effective Date is on or before June 30, 2015, then this would change the Actuarial Present Value ("APV") of benefits ("APVB"), APV of member contributions, the Unfunded Actuarial Accrued Liability ("UAAL") and APV of future employer contributions as of June 30, 2013 for Tier VI Sanitation Members.

FINANCIAL IMPACT - CHANGES IN PROJECTED APV OF FUTURE EMPLOYER CONTRIBUTIONS AND PROJECTED EMPLOYER CONTRIBUTIONS: For purposes of this Fiscal Note, it is assumed that the changes in APVB, APV of member contributions, UAAL and APV of future employer contributions would be reflected for the first time in the June 30, 2013 actuarial valuation of NYCERS.

Under the One-Year Lag Methodology ("OYLM"), the first year that changes in benefits for Tier VI Sanitation Members could impact employer contributions to NYCERS would be Fiscal Year 2015.

In accordance with ACNY Section 13.638.2(k-2), 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. As of June 30, 2013, the remaining working lifetime of the Tier VI Sanitation Members is approximately 21 years. Recognizing that this period will decrease over time as the group of Tier VI Members matures, the Actuary would likely choose to amortize the new UAAL attributable to this proposed legislation over a 15-year to 20-year period (between 14 and 19 payments under the OYLM Methodology). However, since virtually all of the Tier VI Sanitation members that would be impacted by the benefit changes are new entrants, the resulting UAAL would be de minimis and therefore the amortization period used for the UAAL has very little impact on the final results.

The following Table 1 presents an estimate of the increases due to the changes in ODR and ADR provisions for Tier VI Sanitation Members in the APV of future employer contributions and in employer contributions to NYCERS for Fiscal Years 2015 through 2019 that would occur based on the applicable actuarial assumptions and methods noted herein:

Table 1
Estimated Financial Impact on NYCERS
If Certain Revisions are Made to
Provisions for ODR and ADR Benefits
for Tier VI Sanitation Members *

($ Millions)

Fiscal Year	Increase in APV of Future Employer Contributions	Increase in Employer Contributions
2015	$4.2	$0.5
2016	8.8	1.0
2017	12.0	1.3
2018	14.9	1.6
2019	17.1	1.7

* Based on actuarial assumptions and methods set forth in the Actuarial Assumptions and Method section. Also, based on the projection assumptions as described herein.

ODR and ADR benefits are NOT subject to Tier III Escalation (RSSL Section 510) but would be eligible for COLA under Chapter 125 of the Laws of 2000.

The estimated increases in employer contributions shown in Table 1 are based upon the following projection assumptions:

* Level workforce (i.e., new employees are hired to replace those who leave active status).

* Projected salary increases consistent with those used in projections presented to the New York City Office of Management and Budget ("NYCOMB") for use in the January 2015 Financial Plan ("Updated Preliminary Projections").

* New entrant salaries consistent with those used in the Updated Preliminary Projections.

These "open group" projections include future new entrants introduced into the census data models to project the future workforces.

As of each future actuarial valuation date, the current "closed group" actuarial assumptions and valuation methodology are used.

Under this methodology only Plan participants as of each actuarial valuation date are utilized to determine APVs, employer costs and employer contributions.

FINANCIAL IMPACT - EMPLOYER ENTRY AGE NORMAL COSTS: Employer Entry Age Normal Costs can provide a useful basis to compare the value of alternative benefit programs.

For each Sanitation member who enters NYCERS, there is a theoretical net annual employer cost to be paid for such member while such member remains actively employed (i.e., the Employer Entry Age Normal Cost ("EEANC")).

In addition, such EEANC may be expressed as a percentage of salary earned over a working lifetime and referred to as the Employer Entry Age Normal Rate ("EEANR").

Under the proposed legislation and based on the actuarial assumptions noted herein, the EEANC and EEANR of Tier VI Sanitation Members would be greater than the EEANC and EEANR for comparable Tier VI Sanitation Members entering at the same attained age and gender under the current NYCERS provisions.

Table 2 shows a summary of the change in EEANR for Tier VI Sanitation Members who have a date of membership on or after the date of enactment of this proposed legislation for entry ages 25, 30 and 35 with a starting salary of $45,000, determined as of the most recent date of published EEANR calculations:

Table 2

Comparison of Employer Entry Age Normal Rates
Determined as of June 30, 2012 Excluding One-Year Lag Methodology*

To Implement Certain ODR and ADR and Accidental Death Benefit Provisions
for Tier VI Sanitation Members
Under Proposed Changes with Presumptions
and
Under Current Law

EEANR Under Proposed Changes**

Entry Age 25	Entry Age 30	Entry Age 35

	Male	Female	Male	Female	Male	Female
Sanitation Tier VI	16.85%	17.45%	15.45%	16.05%	14.43%	15.08%
EEANR Under Current Law						
Sanitation Tier VI	16.46%	17.08%	14.98%	15.59%	13.84%	14.50%
Increase in EEANR Due to Proposed Changes						
Sanitation Tier VI	0.39%	0.37%	0.47%	0.46%	0.59%	0.58%

* Based on salaries paid over entire working lifetime. EEANR do not vary significantly over time, absent benefit and/or actuarial assumption changes.

** EEANR determined under the terms of the revised ODR and ADR benefit provisions based on the Actuarial Assumptions and Methods as noted herein including changes in assumptions for ADR. ODR and ADR benefits are NOT subject to Tier III Escalation (RSSL Section 510) but would be eligible for COLA under Chapter 125 of the Laws of 2000.

OTHER COSTS: Not measured in this Fiscal Note are the following:

* The initial, additional administrative costs of NYCERS and other New York City agencies to implement the proposed legislation.

* The potential impact if this proposed legislation were to be extended to other public safety employees.

* The impact of this proposed legislation on Other Post Employment Benefit ("OPEB") costs.

CENSUS DATA: The starting census data used for the calculations presented herein are the census data used in the Updated Preliminary June 30, 2013 (Lag) actuarial valuation of NYCERS used to determine the Updated Preliminary Fiscal Year 2015 employer contributions.

The census data used for the estimates of additional employer contributions presented herein are based on average salaries of new entrants utilized in the Updated Preliminary June 30, 2013 (Lag) actuarial valuations used to determine Updated Preliminary Fiscal Year 2015 employer contributions of NYCERS.

The 382 Tier VI Sanitation Members as of June 30, 2013 had an average age of approximately 35, average service of approximately 1.0 years and an average salary of approximately $47,500.

ACTUARIAL ASSUMPTIONS AND METHODS: The additional employer contributions 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 Updated Preliminary Fiscal Year 2015 employer contributions of NYCERS and adjusted for revised ADR and Accidental Death eligibility provisions.

The probabilities of accidental disability used for Tier VI Sanitation Members equal those currently used for Tier IV Sanitation Members.

For determining the change in APVB and increase in employer costs to NYCERS, the actuarial assumptions and methods are the same as those used in the June 30, 2013 (Lag) actuarial valuation of NYCERS except that probabilities of Ordinary Disability and Ordinary Death have been reduced by 5% and 10%, respectively, and the probabilities of Accidental Disability and Accidental Death have been increased by the same amounts

of reduction in the probabilities of Ordinary Disability and Ordinary Death, respectively.

The actuarial valuation methodology does not include a calculation of the value of an offset for Workers' Compensation benefits as it is the understanding of the Actuary that Sanitation Members are not covered by such benefits.

To the extent that the enactment of this proposed legislation would cause a greater (lesser) number of Tier VI Sanitation Members to be reclassified from Ordinary Disability to Accidental Disability Retirement or from Ordinary Death to Accidental Death, or to the extent that Tier VI Sanitation Members who would not otherwise ever choose to apply and then receive an Ordinary Disability Retirement benefit or an Accidental Disability Retirement benefit, then the additional APVB and employer contributions shown herein would be greater (lesser).

Employer contributions under current methodology have been estimated assuming the additional APVB would be financed through future normal contributions including an amortization of the new UAAL attributable to this proposed legislation over a 15-year period (14 payments under the OYLM Methodology).

New entrants into Tier VI Sanitation Members were projected to replace the Sanitation members expected to leave the active population to maintain a steady-state population.

The following Table 3 presents the total number of active employees of Sanitation used in the projections, assuming a level work force, and the cumulative number (i.e., net of withdrawals) of Tier VI Members as of each June 30 from 2013 through 2017.

Table 3
Surviving Actives from Census on June 30, 2013
and
Cumulative New Tier VI Sanitation Members from 2013
Used in the Projections*

June 30	Tier I, II, III & IV	Tier VI	Total
2013	6,579	382	6,961
2014	6,150	811	6,961
2015	5,858	1,103	6,961
2016	5,495	1,466	6,961
2017	5,239	1,722	6,961

* Total active members included in the projections assume a level work force based on the June 30, 2013 (Lag) actuarial valuation census data. Assumes presumptions apply to Tier VI Sanitation members.

For purposes of estimating the impact of the Tier VI Escalation for retired Tier VI Sanitation Members, consistent with an underlying Consumer Price Inflation ("CPI") assumption of 2.5% per year, Tier VI Escalation of 2.5% per year has been assumed.

This compares with the current Chapter 125 of the Laws of 2000 COLA assumption of 1.5% per year (i.e., 50% of CPI adjusted to recognize 1.0% minimum and 3.0% maximum) on the first $18,000 of benefit.

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 (current and proposed) 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 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 2015 Legislative Session. It is Fiscal Note 2015-17, dated March 19, 2015 prepared by the Acting Chief Actuary of the New York City Employees' Retirement System.