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

5245--A

2015-2016 Regular Sessions

I N S E N A T E

May 11, 2015

Introduced by Sen. RITCHIE -- 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 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, in relation to death benefits for certain members

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

Section 1. Subdivision b of section 448 of the retirement and social security law is amended by adding a new paragraph 3 to read as follows:

3. PROVIDED FURTHER, NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE TO THE CONTRARY, WHERE A MEMBER IS IN A TITLE AS DEFINED IN SUBDIVISION I OF SECTION EIGHTY-NINE OF THIS CHAPTER UNDER THE JURISDICTION OF THE DEPARTMENT OF CORRECTIONS AND COMMUNITY SUPERVISION, AND WOULD HAVE BEEN ENTITLED TO A SERVICE RETIREMENT BENEFIT AT THE TIME OF HIS OR HER DEATH AND WHERE HIS OR HER DEATH OCCURS ON OR AFTER JULY FIRST, TWO THOUSAND FIFTEEN, THE BENEFICIARY OR BENEFICIARIES MAY ELECT TO RECEIVE, IN A LUMP SUM, AN AMOUNT PAYABLE WHICH SHALL BE EQUAL TO THE PENSION RESERVE THAT WOULD HAVE BEEN ESTABLISHED HAD THE MEMBER RETIRED ON THE DATE OF HIS OR HER DEATH, OR THE VALUE OF THE DEATH BENEFIT AND THE RESERVE-FOR-INCREASED-TAKE-HOME-PAY, IF ANY, WHICHEVER IS GREATER.

S 2. Subdivision b of section 508 of the retirement and social security law, as amended by chapter 18 of the laws of 2012, is amended to read as follows:

b. A member of a retirement system subject to the provisions of this article who is a policeman, fireman, correction officer, investigator revised plan member or sanitation man and is in a plan which permits immediate retirement upon completion of a specified period of service without regard to age or who is subject to the provisions of section

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

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five hundred four or five hundred five of this article, shall upon completion of ninety days of service be covered for financial protection in the event of death in service pursuant to this subdivision.

1. Such death benefit shall be equal to three times the member's salary raised to the next highest multiple of one thousand dollars, but in no event shall it exceed three times the maximum salary specified in section one hundred thirty of the civil service law or, in the case of a member of a retirement system other than the New York city employees' retirement system, or in the case of a member of the New York city employees' retirement system who is a New York city uniformed correction/sanitation revised plan member or an investigator revised plan member, the specific limitations specified for age of entrance into service contained in subparagraphs (b), (c), (d), (e) and (f) of paragraph two of subdivision a of this section.

2. PROVIDED FURTHER, NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE TO THE CONTRARY, WHERE A MEMBER IS IN A TITLE AS DEFINED IN SUBDIVISION I OF SECTION EIGHTY-NINE OF THIS CHAPTER UNDER THE JURISDICTION OF THE DEPARTMENT OF CORRECTIONS AND COMMUNITY SUPERVISION, AND WOULD HAVE BEEN ENTITLED TO A SERVICE RETIREMENT BENEFIT AT THE TIME OF HIS OR HER DEATH AND WHERE HIS OR HER DEATH OCCURS ON OR AFTER JULY FIRST, TWO THOUSAND FIFTEEN, THE BENEFICIARY OR BENEFICIARIES MAY ELECT TO RECEIVE, IN A LUMP SUM, AN AMOUNT PAYABLE WHICH SHALL BE EQUAL TO THE PENSION RESERVE THAT WOULD HAVE BEEN ESTABLISHED HAD THE MEMBER RETIRED ON THE DATE OF HIS OR HER DEATH, OR THE VALUE OF THE DEATH BENEFIT AND THE RESERVE-FOR-INCREASED-TAKE-HOME-PAY, IF ANY, WHICHEVER IS GREATER.

S 3. This act shall take effect immediately.

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

This bill would modify the in-service death benefit for tiers 2 through 6 state correction officers. The in-service death benefit will be the value of the pension reserve as if the member had retired on their date of death. If such a proposal is enacted during the 2016 legislative session, we anticipate that there will be an increase of approximately $2.0 million in the annual contributions of the state of New York for the fiscal year ending March 31, 2017. In future years, this cost will vary depending on the salaries and billing rates of the affected members.

In addition to the annual contributions discussed above, there will be an immediate past service cost of approximately $34.8 million, which would be borne by the state of New York as a one-time payment. This estimate is based on the assumption that payment will be made on March 1, 2017.

These estimated costs are based on 20,228 state correction officers with a total annual salary of approximately $1.48 billion for the fiscal year ending March 31, 2015.

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, 2015 actuarial valuation. Distributions and other statistics can be found in the 2015 Report of the Actuary and the 2015 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2015 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, 2015 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 March 1, 2016, and intended for use only during the 2016 Legislative Session, is Fiscal Note No. 2016-72, prepared by the Actuary for the New York State and Local Retirement System.