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Cal. No. 744

I N S E N A T E

April 25, 2016

Introduced by Sen. SAVINO -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the retirement and social security law, in relation to the transfer of members between public retirement systems; and to repeal subdivisions g and i of section 43 of such law relating thereto

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

1 Section 1. Subdivisions b and d of section 43 of the retirement and
2 social security law, subdivision b as amended by chapter 724 of the laws
3 of 1959 and subdivision d as amended by chapter 905 of the laws of 1971,
4 are amended to read as follows:
5 b. In order to effect such a transfer, a member must give notice to
6 the administrative head of the retirement system of which he OR SHE is a
7 member, prior to his OR HER withdrawal therefrom, of his OR HER inten-
8 tion to enter such other retirement system [within one year. In the case
9 of a person who has withdrawn from a retirement system and has been
10 entitled to at least thirty years of total service credit in such
11 system, however, such notice may be given within three years from the
12 time of such withdrawal. In the case of a person who was a member of a
13 retirement system, and who while under such status becomes a member of
14 such second retirement system, and who has not withdrawn his contrib-
15 utions to the first such retirement system, any provisions of law
16 notwithstanding, such notice may be given on or before June thirtieth,
17 nineteen hundred fifty-nine]. A person so transferring from one retire-
18 ment system to another shall be deemed to have been a member of the
19 system to which he OR SHE has transferred during the entire period of
20 membership service credited to him OR HER in the system from which he OR
21 SHE has transferred. Such transferee, however, shall not receive more
22 than three per cent interest on his OR HER contributions and accumulated
23 contributions unless he OR SHE has continuously been a member in either
24 the system from which or to which he OR SHE is transferring since a date

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

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1 prior to July first, nineteen hundred forty-three. This shall not be
2 construed to prevent a change in the interest rate to such member if the
3 interest rate payable to other members of the system to which he OR SHE
4 has transferred is changed. Any member who heretofore transferred from
5 one retirement system to another shall, commencing with the effective
6 date of [this act] CHAPTER NINE HUNDRED THREE OF THE LAWS OF NINETEEN
7 HUNDRED FIFTY-SEVEN, be entitled to the same rights, privileges and
8 benefits, and shall be subject to the same obligations, as a transferee
9 who [hereafter] THEREAFTER transfers. He OR SHE shall receive no credit
10 for prior service, except as hereinafter provided. He OR SHE shall be
11 permitted to deposit in the second retirement system the total amount of
12 his contributions withdrawn from the first retirement system. [Upon such
13 deposit within one year or within three years, or on or before June
14 thirtieth, nineteen hundred fifty-nine, as the case may be, he or the
15 administrative head of the system to which he desires to transfer, shall
16 request the administrative head of the first retirement system to trans-
17 fer to the second retirement system a credit on account of his member-
18 ship in such system.]

19 d. Such reserve shall be transferred from the appropriate fund or
20 funds of the first system to the appropriate fund or funds of the second
21 system [within one year from the date of the request for a transfer of
22 credit]. Such member, thereupon, shall be given such status and credited
23 with such service in the second retirement system as he was allowed in
24 the first retirement system. Such contributor, notwithstanding any other
25 provision of law, shall on retirement [after three years of member
26 service in the second retirement system] be entitled to a pension based
27 on salary earned during member service [in either retirement system, or]
28 in both retirement systems together, [whichever may produce the greater
29 pension] pursuant to the statutory requirements of the second retirement
30 system. [No such contributor, however, shall be entitled on retirement
31 within three years of the date of his transfer, to a greater or lesser
32 pension for such service rendered before his transfer than he would have
33 received had he remained under the pension provisions of the first
34 retirement system.]

35 S 2. Subdivisions g and i of section 43 of the retirement and social
36 security law are REPEALED.

37 S 3. This act shall take effect immediately.

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

PROVISIONS OF PROPOSED LEGISLATION: This proposed legislation would
amend subdivisions b and d of Section 43 of the Retirement and Social
Security Law (RSSL) to simplify the administration of transfers between
the retirement systems within New York State. The proposed legislation
would also repeal subdivisions g and i of Section 43 of the RSSL to
simplify the statute by removing outdated language that no longer
affects members of any of the retirement systems.

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

IMPACT ON BENEFITS: The proposed change to subdivision b of Section 43
of the RSSL would eliminate the one-year time limit for members to give
notice of their intent to transfer between retirement systems. The
proposed change to subdivision d of Section 43 of the RSSL would elimi-
nate the requirement that a transferee acquire at least three years of
service in the second retirement system in order to have their pension
calculated using service credit and salary history as if they were
always in the second retirement system.

FINANCIAL IMPACT: The number of members expected to be impacted by this proposed legislation cannot be readily determined. However, based on the small number of members who would have been affected by this change in the past, enactment of this proposed legislation is expected to result in an increase in employer contributions of no more than \$25,000 per year, in total, to the New York City Employees' Retirement System, the New York City Teachers' Retirement System and the New York City Board of Education Retirement System.

FINANCIAL IMPACT - ADMINISTRATIVE EXPENSES: The enactment of this legislation is expected to serve to alleviate administrative burdens by reducing multiple transfers by members who change employment several times.

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for the New York City Retirement Systems. I am an Associate of the Society of Actuaries, a Fellow of the Conference of Consulting 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 2016 Legislative Session. It is Fiscal Note 2016-16, dated April 5, 2016 prepared by the Chief Actuary for the New York City Employees' Retirement System, the New York City Teachers' Retirement System and the New York City Board of Education Retirement System.

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

This bill will remove the one year time limit for members to give notice of their intent to transfer between public retirement systems in New York State. In addition this bill will remove the requirement that the transferee attain at least three years of service credit in the second system in order to have their pension calculated using service credit and salary history as if they were always in the second system. Lastly, this bill repeals subdivisions g and i of Section 43 of the Retirement and Social Security Law that no longer affect members of the retirement system.

If this legislation is enacted during the 2016 legislative session, we estimate that the annual cost will be negligible.

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 June 7, 2016, and intended for use only during the 2016 Legislative Session, is Fiscal Note No. 2016-113, prepared by the Actuary for the New York State and Local Retirement System.

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

This bill would amend Section 43 of the Retirement and Social Security Law to remove the one year time limit for members to give notice of their intent to transfer between retirement systems. This bill would

also remove the restriction on a member who transfers that he/she may not retire within three years and receive a greater benefit for the service rendered before transfer than he/she would have received under the prior retirement system. Additionally, this bill would repeal subdivisions g and i of Section 43.

The annual cost to the employers of members of the New York State Teachers' Retirement System is estimated to be negligible if this bill is enacted.

Employee data is from the System's most recent actuarial valuation files, consisting of data provided by the employers to the Retirement System. Data distributions and statistics can be found in the System's Comprehensive Annual Financial Report (CAFR). System assets are as reported in the System's financial statements, and can also be found in the CAFR. Actuarial assumptions and methods are provided in the System's Actuarial Valuation Report.

The source of this estimate is Fiscal Note 2016-27 dated June 9, 2016 prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2016 Legislative Session. I, Richard A. Young, am the Actuary for the New York State Teachers' Retirement System. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.