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

10032

I N A S S E M B L Y

May 6, 2016

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

AN ACT to amend the retirement and social security law, in relation to eligibility of uniformed personnel of the New York city department of correction for ordinary disability benefits

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

Section 1. Section 507-a of the retirement and social security law is amended by adding a new subdivision f to read as follows:

F. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THERE SHALL BE NO RESTRICTIONS ON THE EARNINGS FROM EMPLOYMENT NOT IN PUBLIC SERVICE PERMITTED TO A MEMBER OF THE UNIFORMED PERSONNEL OF THE NEW YORK CITY DEPARTMENT OF CORRECTION WHO:

1. HAS RETIRED PURSUANT TO THE PROVISIONS OF THIS SECTION; AND

2. WAS SUBJECT TO THE PROVISIONS OF (I) SUBDIVISION D OF SECTION FIVE HUNDRED FOUR OF THIS ARTICLE, (II) SUBDIVISION C OF SECTION FIVE HUNDRED FOUR-A OF THIS ARTICLE, OR (III) SUBDIVISION C OF SECTION FIVE HUNDRED FOUR-B OF THIS ARTICLE PRIOR TO HIS OR HER RETIREMENT, SUBSEQUENT TO THE DATE AS OF WHICH HE OR SHE WOULD HAVE BEEN ELIGIBLE FOR SERVICE RETIREMENT.

S 2. This act shall take effect immediately.

Fiscal Note.-- Pursuant to Legislative Law, Section 50:

PROVISIONS OF PROPOSED LEGISLATION: This proposed legislation would amend Retirement and Social Security Law (RSSL) Section 507-a by adding a new Subdivision f to remove earnings restrictions from private sector employment for periods subsequent to the earliest applicable Service Retirement eligibility date for certain uniformed personnel of the New York City Department of Correction who were members of the New York City Employees' Retirement System (NYCERS), have retired, and are receiving Ordinary Disability benefits (Correction ODR Retirees).

The Effective Date of the proposed legislation would be the date of enactment.

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

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IMPACT ON BENEFITS: NYCERS restricts the total calendar year Personal Service Income (PSI) of a Correction ODR Retiree resulting from all public and private employment.

If a Correction ODR Retiree's PSI from all public and private employment exceeds the NYCERS PSI limitation, then such retiree's disability pension is suspended for 12 months. The NYCERS PSI limitation for 2015 was $29,200 and increases each year with the Consumer Price Index.

If the proposed legislation is enacted, a Correction ODR Retiree's earnings subsequent to the date the retiree would have been eligible for Service Retirement would no longer be limited by NYCERS.

It is the understanding of the Actuary that in lieu of such NYCERS limitation, the restrictions on PSI for Correction ODR Retirees would be limited to New York City Charter (NYCC) Section 1117.

NYCC Section 1117 limits the PSI for any NYCERS retiree to $1,800 per year from most public employment within New York State (including New York City). PSI from those sources that exceeds $1,800 per year will result in a suspension of the retiree's pension. However, NYCC Section 1117 places no limits on the amounts of PSI that may be earned from employment from other sources, and RSSL section 212 generally permits a retiree to earn up to $30,000 per year from public employment notwithstanding NYCC Section 1117.

FINANCIAL IMPACT - EMPLOYER COSTS: The ultimate cost of a pension plan is the benefits it pays.

To the extent the NYCERS earnings limitation would have applied in Calendar Years 2016 and later, certain Correction ODR Retirees would have had their pension temporarily suspended in years subsequent to the date the retiree would have been eligible for Service Retirement where PSI exceeded the NYCERS earnings limitation.

Enactment of the legislation would eliminate the reduction in benefits to those Correction ODR Retirees whose PSI exceeds the NYCERS earnings limitation.

As the Actuary believes that few, if any, Correction ODR Retirees' benefits are suspended due to PSI that exceeds the NYCERS earnings limitation, the increase in benefits would be de minimis.

FINANCIAL IMPACT: EMPLOYER CONTRIBUTIONS: The change in employer contributions would depend upon the amount and timing of pension payments that would no longer be suspended as a result of this legislation.

OTHER COSTS: Not measured in this Fiscal Note are any possible increased administrative costs attributable to enactment of the proposed legislation.

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 Fiscal Note 2016-23 dated April 21, 2016, was prepared by the Chief Actuary for the New York City Employees' Retirement System. This estimate is intended for use only during the 2016 Legislative Session.