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

5796--A

2015-2016 Regular Sessions

I N A S S E M B L Y

March 4, 2015

Introduced by M. of A. DenDEKKER -- read once and referred to the Committee on Governmental Employees -- recommitted to the Committee on Governmental Employees in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT authorizing Daniel Cox to apply to re-enter the pension system of the city of New York

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 to the contrary, Daniel Cox, a former member of the New York city employees' retirement system, who was employed by the parks and recreation department of the city of New York from 1982 until 1987, at which time he continued working for the city of New York in the district attorney's office until his retirement in 1997, and who, for reasons not ascribable to his own negligence, failed to timely apply to re-enter the New York city pension system upon his return to service in November 2007 with the city of New York Business Integrity Commission, shall be deemed to have timely filed his application to re-enter the city of New York pension system, if on or before December 31, 2016 he shall file an application therefor with the New York city employees' retirement system.

S 2. All costs attributable to this act shall be borne by the city of New York.

S 3. This act shall take effect immediately.

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

PROVISIONS OF PROPOSED LEGISLATION: The proposed legislation would allow Mr. Daniel Cox to rejoin the New York City Employees' Retirement System (NYCERS) as of his rehire date of November 5, 2007 as if he had filed the application on time. Mr. Cox would be a Tier 4 Member of the NYCERS 55/25 Retirement Plan.

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

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All costs associated with the implementation of this proposed legislation would be borne by NYCERS.

The Effective Date of the proposed legislation would be the Date of Enactment.

BACKGROUND - GENERAL: Daniel Cox was a member of NYCERS from June 1, 1982 until his termination of employment on July 19, 1997. He began receiving his pension under the DA Investigator 25 Year Plan in July, 2007 as a Tier 2 retiree and subsequently returned to work for the New York Business Integrity Commission on November 5, 2007 but failed to file the form to rejoin NYCERS. He has continued to receive his pension payable under the DA Investigator 25 Year Plan since July, 2007. The proposed legislation would allow Mr. Cox to rejoin NYCERS as of November 5, 2007 as a member of the NYCERS 55/25 Retirement Plan for Tier 4 Members and ultimately receive a pension upon his subsequent retirement based on all of his years of membership.

In order to determine the financial impact of this proposal, we have assumed that Mr. Cox will contribute the required Basic and Additional Member Contributions required under the NYCERS 55/25 Retirement Plan for Tier 4 Members. After reflecting Mr. Cox's total contributions under his prior plan (the DA Investigator 25 Year Plan), Mr. Cox would need to contribute an additional amount of approximately $85,000 as of June 30, 2015.

BACKGROUND: PENSION PREVIOUSLY RECEIVED: Mr. Cox has been receiving a pension under the maximum form of payment (i.e., payable to him as long as he is alive) since July 3, 2007 under the DA Investigator 25 Year Plan. His accrued pension is $11,714.89 per year. However since Mr. Cox returned to work for the New York Business Integrity Commission, he is subject to the earnings limitations set forth in New York State Retirement and Social Security Law (RSSL) Section 212. Under RSSL Section 212, any earnings greater than $30,000 results in a suspension of his retirement allowance. As a result, Mr. Cox's retirement allowance has been suspended in each year that his salary has exceeded $30,000.

If this legislation is passed, Mr. Cox would receive a pension based on all service. For purposes of this Fiscal Note, we have assumed that the Actuarial Present Value (APV) of the pension he has previously received would be offset against the pension he will receive upon his second retirement.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES: The estimated financial impact of this proposal has been calculated based on the difference as of June 30, 2015 between (1) the actuarial present value of the retirement benefits Mr. Cox is expected to receive if this proposed legislation were enacted (based on all service with NYCERS) and (2) the accumulated value of retirement payments he has received plus the APV of Future Benefits payable to Mr. Cox if this proposed legislation were not enacted.

Based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Actuarial Present Value of Benefits (APVB) and the Unfunded Actuarial Accrued Liability (UAAL) of NYCERS by approximately $60,000 as of June 30, 2015, assuming that Mr. Cox contributes the additional $85,000 described above.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: 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.

Based on a calculation of the remaining working lifetime of approximately five years for Mr. Cox as of June 30, 2015, and the Actuary's actuarial assumptions and methods used in the Preliminary June 30, 2015 valuations and those described later in this Fiscal Note, the enactment of this proposed legislation would increase annual employer contributions by approximately $18,000 per year for 4 years.

This increase in employer contributions has been estimated assuming that the increase in UAAL would be financed over a 5-year period, which will be 4 payments under the One-Year Lag Methodology, using level dollar payments.

If enacted into law during the 2016 Legislative Session, increased employer contributions would be first recognized in Fiscal Year 2018.

OTHER COSTS: Not measured in this Fiscal Note is the impact on administrative costs or Other Postemployment Benefit (OPEB) costs.

ACTUARIAL ASSUMPTIONS AND METHODS: Additional APVB, UAAL and employer contributions presented herein have been calculated based on the Actuary's actuarial assumptions and methods in effect for the Preliminary June 30, 2015 (Lag) actuarial valuation used to determine the Preliminary Fiscal Year 2017 employer contributions of NYCERS.

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 2016-30 dated May 20, 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.