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

7326

2015-2016 Regular Sessions

I N A S S E M B L Y

May 6, 2015

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

AN ACT authorizing Robert Cosenza to apply for Tier II pension benefits in 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. Notwithstanding any other provision of law to the contrary, Robert Cosenza, who joined the New York city employees' retirement system as a Tier II, Plan C member on April 24, 1974 and then left city service on October 23, 2000, who for reasons not ascribable to his own negligence, failed to timely file the appropriate form to withdraw from Plan C and enter Plan D to become eligible for a vested retirement plan, shall be deemed to have timely filed his withdrawal form and have entered Plan D, if on or before December 31, 2015 he shall file an application therefor with the New York city employees' retirement system.

S 2. This act shall take effect immediately.

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

PROVISIONS OF PROPOSED LEGISLATION: The proposed legislation would authorize the New York City Employees' Retirement System ("NYCERS") to accept an application from Robert Cosenza to switch from the Modified Career Pension Plan ("Plan C") to the Modified 55-Year Increased Service Fractional Plan ("Plan D").

BACKGROUND: Mr. Cosenza became a Tier II member of NYCERS on April 24, 1974 and elected to participate in NYCERS Plan C.

Administrative Code of the City of New York ("ACNY") Section 13-173 provides that an individual must be a member of Plan D at the time of discontinuance from city-service in order to be eligible for a vested benefit under Plan D. Since Mr. Cosenza never filed the appropriate form to withdraw from Plan C and switch to Plan D, he is not eligible for a vested benefit and he is only eligible to receive a return of his accu-

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

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mulated member contributions which have been paid to him in a check dated March 22, 2007.

The proposed legislation, if enacted, would authorize NYCERS to accept an application from Mr. Cosenza on or before December 31, 2015 to switch from Plan C to Plan D as if it had been filed prior to his date of resignation.

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

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES: The estimated financial impact has been calculated as the sum of (1) the prospective benefits plus (2) the retroactive benefits Mr. Cosenza would receive if this proposed legislation were enacted.

If the legislation were to be enacted, Mr. Cosenza would be entitled to a pension of approximately $21,000 per year beginning September 7, 2014 (age 62) under the maximum payout option. If the legislation were not enacted, Mr. Cosenza would only be entitled to a refund of his accumulated member contributions which he has already received.

Based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Actuarial Present Value ("APV") of Benefits ("APVB") and the Unfunded Actuarial Accrued Liability ("UAAL") of NYCERS by approximately $250,000 as of June 30, 2015, calculated as (1) plus (2);

(1) APV of future pension payments beginning July 2015 of approximately $233,000.

(2) Accumulated value of retroactive pension payments from September 2014 through June 2015 of approximately $17,000.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS AND ANNUAL EMPLOYER COSTS: 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.

For this proposed legislation, Mr. Cosenza is inactive and therefore the entire increase in UAAL as of June 30, 2015 of $250,000 based on the Actuary's current actuarial assumptions and methods should be recognized in the first year for contribution purposes.

The increase in employer costs would be comparable to the increase in employer contributions.

CONTRIBUTION TIMING: If enacted during the 2015 Legislative Session and if his application for switching to Plan D were filed on or before June 30, 2015, his status as a Plan D Retiree would likely first be reflected in the June 30, 2015 census data. In accordance with the One-Year Lag methodology used to determine employer contributions, increased employer contributions would be consistent with the increased employer costs and would be determined for Fiscal Year 2017.

If enacted during the 2015 Legislative Session, and if his application for switching to Plan D were filed after June 30, 2015 but on or before June 30, 2016, his status as a Plan D Retiree would likely first be reflected in the June 30, 2016 census data and increased employer contributions would be determined for Fiscal Year 2018.

ACTUARIAL ASSUMPTIONS AND METHODS: The additional APVB and UAAL 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 Fiscal Year 2015 employer contributions of NYCERS.

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 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 2015-22, dated April 22, 2015 prepared by the Acting Chief Actuary for the New York City Employees' Retirement System.