# STATE OF NEW YORK

4588--A

2017-2018 Regular Sessions

# IN SENATE

February 21, 2017

Introduced by Sen. GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general municipal law and the retirement and social security law, in relation to increasing certain special accidental death benefits

**The People of the State of New York, represented in Senate and Assembly, do enact as follows:**

Section 1. Subdivision c of section 208-f of the general municipal law, as amended by chapter 347 of the laws of 2016, is amended to read as follows:

c. Commencing July first, two thousand [~~sixteen~~] **seventeen** the special accidental death benefit paid to a widow or widower or the deceased member's children under the age of eighteen or, if a student, under the age of twenty-three, if the widow or widower has died, shall be escalated by adding thereto an additional percentage of the salary of the deceased member (as increased pursuant to subdivision b of this section) in accordance with the following schedule:

| calendar year of death of the deceased member | per centum |
|---|---|
| 1977 or prior | [~~216.7%~~] **226.2%** |
| 1978 | [~~207.5%~~] **216.7%** |
| 1979 | [~~198.5%~~] **207.5%** |
| 1980 | [~~189.8%~~] **198.5%** |
| 1981 | [~~181.4%~~] **189.8%** |
| 1982 | [~~173.2%~~] **181.4%** |
| 1983 | [~~165.2%~~] **173.2%** |
| 1984 | [~~157.5%~~] **165.2%** |
| 1985 | [~~150.0%~~] **157.5%** |
| 1986 | [~~142.7%~~] **150.0%** |

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

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| | |
|---|---|
| 1987 | [~~135.7%~~] 142.7% |
| 1988 | [~~128.8%~~] 135.7% |
| 1989 | [~~122.1%~~] 128.8% |
| 1990 | [~~115.7%~~] 122.1% |
| 1991 | [~~109.4%~~] 115.7% |
| 1992 | [~~103.3%~~] 109.4% |
| 1993 | [~~97.4%~~] 103.3% |
| 1994 | [~~91.6%~~] 97.4% |
| 1995 | [~~86.0%~~] 91.6% |
| 1996 | [~~80.6%~~] 86.0% |
| 1997 | [~~75.4%~~] 80.6% |
| 1998 | [~~70.2%~~] 75.4% |
| 1999 | [~~65.3%~~] 70.2% |
| 2000 | [~~60.5%~~] 65.3% |
| 2001 | [~~55.8%~~] 60.5% |
| 2002 | [~~51.3%~~] 55.8% |
| 2003 | [~~46.9%~~] 51.3% |
| 2004 | [~~42.6%~~] 46.9% |
| 2005 | [~~38.4%~~] 42.6% |
| 2006 | [~~34.4%~~] 38.4% |
| 2007 | [~~30.5%~~] 34.4% |
| 2008 | [~~26.7%~~] 30.5% |
| 2009 | [~~23.0%~~] 26.7% |
| 2010 | [~~19.4%~~] 23.0% |
| 2011 | [~~15.9%~~] 19.4% |
| 2012 | [~~12.6%~~] 15.9% |
| 2013 | [~~9.3%~~] 12.6% |
| 2014 | [~~6.1%~~] 9.3% |
| 2015 | [~~3.0%~~] 6.1% |
| 2016 | [~~0.0%~~] 3.0% |
| 2017 | 0.0% |

§ 2. Subdivision c of section 361-a of the retirement and social security law, as amended by chapter 347 of the laws of 2016, is amended to read as follows:

c. Commencing July first, two thousand [~~sixteen~~] seventeen the special accidental death benefit paid to a widow or widower or the deceased member's children under the age of eighteen or, if a student, under the age of twenty-three, if the widow or widower has died, shall be escalated by adding thereto an additional percentage of the salary of the deceased member, as increased pursuant to subdivision b of this section, in accordance with the following schedule:

| calendar year of death of the deceased member | per centum |
|---|---|
| 1977 or prior | [~~216.7%~~] 226.2% |
| 1978 | [~~207.5%~~] 216.7% |
| 1979 | [~~198.5%~~] 207.5% |
| 1980 | [~~189.8%~~] 198.5% |
| 1981 | [~~181.4%~~] 189.8% |
| 1982 | [~~173.2%~~] 181.4% |
| 1983 | [~~165.2%~~] 173.2% |
| 1984 | [~~157.5%~~] 165.2% |
| 1985 | [~~150.0%~~] 157.5% |
| 1986 | [~~142.7%~~] 150.0% |
| 1987 | [~~135.7%~~] 142.7% |
| 1988 | [~~128.8%~~] 135.7% |
| 1989 | [~~122.1%~~] 128.8% |

| | | |
|---|---|---|
| 1990 | [~~115.7%~~] | 122.1% |
| 1991 | [~~109.4%~~] | 115.7% |
| 1992 | [~~103.3%~~] | 109.4% |
| 1993 | [~~97.4%~~] | 103.3% |
| 1994 | [~~91.6%~~] | 97.4% |
| 1995 | [~~86.0%~~] | 91.6% |
| 1996 | [~~80.6%~~] | 86.0% |
| 1997 | [~~75.4%~~] | 80.6% |
| 1998 | [~~70.2%~~] | 75.4% |
| 1999 | [~~65.3%~~] | 70.2% |
| 2000 | [~~60.5%~~] | 65.3% |
| 2001 | [~~55.8%~~] | 60.5% |
| 2002 | [~~51.3%~~] | 55.8% |
| 2003 | [~~46.9%~~] | 51.3% |
| 2004 | [~~42.6%~~] | 46.9% |
| 2005 | [~~38.4%~~] | 42.6% |
| 2006 | [~~34.4%~~] | 38.4% |
| 2007 | [~~30.5%~~] | 34.4% |
| 2008 | [~~26.7%~~] | 30.5% |
| 2009 | [~~23.0%~~] | 26.7% |
| 2010 | [~~19.4%~~] | 23.0% |
| 2011 | [~~15.9%~~] | 19.4% |
| 2012 | [~~12.6%~~] | 15.9% |
| 2013 | [~~9.3%~~] | 12.6% |
| 2014 | [~~6.1%~~] | 9.3% |
| 2015 | [~~3.0%~~] | 6.1% |
| 2016 | [~~0.0%~~] | 3.0% |
| 2017 | | 0.0% |

§ 3. This act shall take effect July 1, 2017.

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

This bill would amend both the General Municipal Law and the Retirement and Social Security Law to increase the salary used in the computation of the special accidental death benefit by 3% in cases where the date of death was before 2017.

Insofar as this bill would amend the Retirement and Social Security Law, it is estimated that there would be an additional annual cost of approximately $469,000 above the approximately $10.7 million current annual cost of this benefit. This cost would be shared by the State of New York and all participating employers of the New York State and Local Police and Fire Retirement System.

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, 2016 actuarial valuation. Distributions and other statistics can be found in the 2016 Report of the Actuary and the 2016 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2015 and 2016 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, 2016 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 January 10, 2017 and intended for use only during the 2017 Legislative Session, is Fiscal Note No. 2017-2, prepared by the Actuary for the New York State and Local Retirement System.

FISCAL NOTE: PROVISIONS OF PROPOSED LEGISLATION - OVERVIEW: With respect to the City of New York (the City), this proposed legislation would amend General Municipal Law (GML) Section 208-f(c) to increase certain Special Accidental Death Benefits (SADB) for surviving spouses, dependent children, and/or certain other individuals (Eligible Beneficiaries) of former uniformed employees of the City and the New York City Health and Hospitals Corporation, and for certain former employees of the Triborough Bridge and Tunnel Authority, who were members of certain New York City Pension Funds or Retirement Systems (NYCRS) and died as a natural and proximate result of an accident sustained in the performance of duty.

The Effective Date of the proposed legislation would be July 1, 2017.

IMPACT ON BENEFITS - SADB RECIPIENTS: With respect to the NYCRS, the proposed legislation would impact the SADB payable to certain survivors of members of the:

* New York City Employees' Retirement System (NYCERS),
* New York City Police Pension Fund (POLICE), or
* New York Fire Department Pension Fund (FIRE),

and who are employed by one of the following employers in certain positions:

* New York City Police Department - Uniformed Position,
* New York City Fire Department - Uniformed Position,
* New York City Housing Authority - Uniformed Position,
* New York City Transit Authority - Uniformed Position,
* New York City Department of Correction - Uniformed Position,
* New York City - Uniformed Position as Emergency Medical Technician (EMT),
* New York City Health and Hospitals Corporation - Uniformed Position as EMT, or
* Triborough Bridge and Tunnel Authority - Bridge and Tunnel Position.

DESCRIPTION OF BENEFITS PAYABLE: Under the GML, the basic SADB is defined to equal:

The salary of the deceased member at date of death (or, in certain instances, a greater salary based on rank or other status) (Final Salary), less the following payments to an Eligible Beneficiary:

* Any NYCRS death benefit as adjusted by any Supplementation or Cost-of-Living Adjustment (COLA),
* Any Social Security death benefit, and
* Any Worker's Compensation benefit.

The SADB is paid to the deceased member's surviving spouse, if alive. If the spouse is no longer alive, the SADB is paid to the deceased member's children until age eighteen or until age twenty-three if a student. If neither spouse nor dependent child is alive, the SADB may be paid to certain other individuals if eligible in accordance with certain laws related to the World Trade Center attack.

The GML also provides that the SADB is subject to escalation based on the calendar year in which the former member died. The SADB has been increased by an additional cumulative, incremental percentage of Final Salary for deaths occurring on or after calendar years 1977.

Under the proposed legislation, effective July 1, 2017, an additional 3.0% of Final Salary would be applied to the SADB paid due to deaths occurring in each calendar year on and after 1977. The SADB for deaths

occurring prior to 1977 would receive the same escalation as deaths occurring in 1977.

FINANCIAL IMPACT - EMPLOYER PAYMENTS: With respects to the NYCRS, since these SADB are provided on a pay-as-you-go basis, the additional annual employer payments expected to be paid during the first year, if the proposed legislation is enacted, would equal approximately $3.1 million.

The SADB payments are made by the NYCRS who are reimbursed by the City.

Historically, the State of New York (the State) reimbursed the City for most GML Section 208-f payments. However, it is the understanding of the Actuary that since 2009 the State has limited its reimbursement to a fixed amount. Should this amount not be increased, then the additional cost of this proposed legislation would be borne entirely by the City of New York.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES OF BENEFITS (APVB): With respect to the Eligible Beneficiaries of deceased NYCRS members who would be impacted by this proposed legislation, under the actuarial assumptions used in the June 30, 2016 (Lag) actuarial valuations of the NYCRS, including an Actuarial Interest Rate (AIR) assumption of 7.0% per annum, the enactment of this proposed legislation would increase the APVB by approximately $34.7 million as of June 30, 2017.

Note that beginning with the June 30, 2016 actuarial valuations of NYCRS, the Actuary has elected to include the liability for SADB benefits, including assumed future increases of 3.0% per year, when determining the employer contributions. Therefore, the additional cost associated with this proposed legislation has already been accounted for and will not result in an increase in employer contributions.

OTHER COSTS: The enactment of this proposed legislation would also be expected to result in modest increases in administrative expenses of NYCERS, POLICE, FIRE, the employers and certain New York City agencies.

CENSUS DATA: The financial impact of the proposed legislation is based upon the census data for such Eligible Beneficiaries provided by the NYCRS.

The following table shows, by Retirement System, the number of deceased members with Eligible Beneficiaries who qualify for SADB as reported by the NYCRS and the estimated annual Accidental death benefit, including both the City and State portions, paid by the NYCRS, prior to the increase purposed to be effective July 1, 2017.

Table 1

Total Accidental Death Benefit paid by the NYCRS

($ Millions)

| Retirement System | Number of Deceased Members with Eligible Survivors | Annual Accidental Death Benefit Prior to Proposed July 1, 2017 Increase |
|---|---|---|
| NYCERS | 31 | $ 2.2 |
| POLICE | 340 | 34.7 |
| FIRE | **613** | **67.8** |
| Total | 984 | $ 104.7 |

ACTUARIAL ASSUMPTIONS AND METHODS: Additional APVB have been computed based on the actuarial assumptions and methods in effect for the June 30, 2016 (Lag) actuarial valuations of NYCERS, POLICE and FIRE used to determine the Preliminary Fiscal Year 2018 employer contributions, including an Actuarial Interest Rate (AIR) assumption of 7.0% per annum (net of Investment Expenses).

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Pension Funds and Retirement Systems. I am a Fellow 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 2017-07 dated April 14, 2017, was prepared by the Chief Actuary for the New York City Employees' Retirement System, the New York City Police Pension Fund, and the New York Fire Department Pension Fund. This estimate is intended for use only during the 2017 Legislative Session.