STATE OF NEW YORK

6465

2017-2018 Regular Sessions

IN SENATE

May 23, 2017

Introduced by Sen. GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

AN ACT authorizing the recalculation and adjustment of pension benefits for Martin Markowitz

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

Section 1. Notwithstanding section 150 of the civil service law, section 212 of the retirement and social security law, and any other law to the contrary, Martin Markowitz, a member of the New York city employees' retirement system, shall not be bound by the pension suspension and salary requirements otherwise applicable under section 150 of the civil service law and section 212 of the retirement and social security law for his work as Brooklyn Borough President from 2009 through 2013. The New York city employees' retirement system shall reimburse Martin Markowitz for a lump sum payment made to such retirement system for the purchase of option insurance for the years 2010, 2011, 2012 and 2013, such payment representing the difference between the maximum retirement allowance and the reduced pension amount payable under the retirement option he selected. There shall be no change in member or beneficiary health insurance based on the option selected at retirement after the effective date of this act.

§ 2. The New York city employees' retirement system is hereby directed and authorized to recalculate and adjust the pension benefit for Martin Markowitz to include service accruals during the years of service in 2010, 2011, 2012 and 2013. If there are any residual or arrear payments for such years, Martin Markowitz shall be paid via lump sum with no interest.

§ 3. This act shall take effect immediately.

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

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

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PROVISIONS OF PROPOSED LEGISLATION: The proposed legislation would revise the pension for Martin Markowitz to be recalculated as if he had first retired and started to collect his pension as of January 1, 2014.

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

BACKGROUND - GENERAL: Martin Markowitz retired as a Tier 4 member of the New York City Employees' Retirement System (NYCERS) on December 30, 2009 with a pension based on 35.5 years of service. For calendar year 2010 to 2013 his pension was suspended in accordance with Retirement and Social Security Law (RSSL) Section 212 and he paid option insurance for the period that his pension was suspended. The table below summarizes these amounts:

Dates	Pension Received	Option Insurance Paid
12/30/2009-12/31/2009	$436	$0
1/1/2010-12/31/2010	$20,262	$16,916
1/1/2011-12/31/2011	$20,262	$19,557
1/1/2012-12/31/2012	$27,016	$19,557
1/1/2013-12/31/2013	$20,262	$17,384

If this legislation is passed, Mr. Markowitz would have his pension recalculated as if he had first retired and started to collect his pension as of January 1, 2014 (based on 39.5 years of service) and he would be required to pay back the pension he received prior to January 1, 2014 and he would be reimbursed for the option insurance he paid for calendar years 2010 to 2013.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES: The estimated financial impact of this proposal has been calculated as of June 30, 2017 equal to (1) plus (2) minus (3) minus (4), where:

(1) is the sum of the retirement benefits Mr. Markowitz would have received from January 1, 2014 through June 30, 2017 and the actuarial present value of the retirement benefits expected to be received in the future if this proposed legislation were enacted (including the additional years of service from December 30, 2009 through December 31, 2013 he would have earned had he retired for the first time on January 1, 2014),

(2) is the accumulated value of the amount he would be reimbursed for the option insurance he paid,

(3) is the accumulated value of the pension payments he received from December 30, 2009 through December 31, 2013, and

(4) is the sum of the retirement benefits Mr. Markowitz would have received from January 1, 2014 through June 30, 2017 and the actuarial present value of the retirement benefits expected to be received in the future if this proposed legislation is 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 $51,000 as of June 30, 2017.

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.

For this proposed legislation, since Mr. Markowitz is collecting a pension and therefore has no remaining working lifetime, the entire increase in UAAL of $51,000 based on the Actuary's actuarial assumptions

and methods in effect on June 30, 2016 would be recognized in the first year.

CONTRIBUTION TIMING: If enacted during the 2017 Legislative Session before June 30, 2017, the pension payable to Mr. Markowitz would likely first be reflected in the June 30, 2017 census data. In accordance with the One-Year Lag methodology used to determine employer contributions, increased employer contributions would be determined for Fiscal Year 2019.

OTHER COSTS: Not measured in this Fiscal Note is the impact on administrative 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, 2016 (Lag) actuarial valuation used to determine the Preliminary Fiscal Year 2018 employer contributions of NYCERS.

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 2017-17 dated May 18, 2017, was prepared by the Chief Actuary for the New York City Employees' Retirement System. This estimate is intended for use only during the 2017 Legislative Session.