

STATE OF NEW YORK

6573--A

2017-2018 Regular Sessions

IN SENATE

June 5, 2017

Introduced by Sens. GOLDEN, BONACIC -- read twice and ordered printed, and when printed to be committed to the Committee on Rules -- recommitted to the Committee on Civil Service and Pensions in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law and the administrative code of the city of New York, in relation to the establishment of twenty-five year retirement programs for members of the New York city employees' retirement system employed as water supply police; and in relation to providing for employer pick up, pursuant to provisions of the internal revenue code, of certain additional member contributions required to be made by certain participants in the twenty-five year retirement programs; and providing for the repeal of certain provisions upon expiration thereof

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

1 Section 1. Subdivision b of section 440 of the retirement and social
2 security law, as amended by chapter 682 of the laws of 2003, is amended
3 to read as follows:

4 b. The provisions of this article shall not be construed to extend
5 coverage to an employee not otherwise eligible for membership in a
6 retirement system or to provide an increase in benefits to a member of a
7 retirement system other than as provided by section four hundred forty-
8 five-d, or section four hundred forty-five-f, ~~[ex]~~ section four hundred
9 forty-five-h, section four hundred forty-five-j, or section four hundred
10 forty-eight of this article.

11 § 2. Subdivision a of section 444 of the retirement and social securi-
12 ty law, as amended by section 141 of subpart B of part C of chapter 62
13 of the laws of 2011, is amended to read as follows:

14 a. Except as provided in subdivision c of section four hundred forty-
15 five-a of this article, subdivision c of section four hundred forty-

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

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1 five-b of this article, subdivision c of section four hundred forty-
2 five-c of this article, subdivision c of section four hundred
3 forty-five-d of this article as added by chapter four hundred seventy-
4 two of the laws of nineteen hundred ninety-five, subdivision c of
5 section four hundred forty-five-e of this article, subdivision c of
6 section four hundred forty-five-f of this article and subdivision c of
7 section four hundred forty-five-h of this article, and subdivision c of
8 section four hundred forty-five-j of this article, the maximum retire-
9 ment benefit computed without optional modification provided to a member
10 of a retirement system who is subject to the provisions of this article,
11 other than a police officer, a firefighter, an investigator member of
12 the New York city employees' retirement system, a member of the
13 uniformed personnel in institutions under the jurisdiction of the New
14 York city department of correction who receives a performance of duty
15 disability retirement allowance, a member of the uniformed personnel in
16 institutions under the jurisdiction of the department of corrections and
17 community supervision or a security hospital treatment assistant, as
18 those terms are defined in subdivision i of section eighty-nine of this
19 chapter, who receives a performance of duty disability retirement allow-
20 ance, a member of a teachers' retirement system, New York city employ-
21 ees' retirement system, New York city board of education retirement
22 system or a member of the New York state and local employees' retirement
23 system or a member of the New York city employees' retirement system or
24 New York city board of education retirement system employed as a special
25 officer, parking control specialist, school safety agent, campus peace
26 officer, taxi and limousine inspector ~~[ex]~~, a police communications
27 member, or a member of the water supply police and who receives a
28 performance of duty disability pension, from funds other than those
29 based on a member's own or increased-take-home-pay contributions, shall,
30 before any reduction for early retirement, be sixty per centum of the
31 first fifteen thousand three hundred dollars of final average salary,
32 and fifty per centum of final average salary in excess of fifteen thou-
33 sand three hundred dollars, and forty per centum of final average salary
34 in excess of twenty-seven thousand three hundred dollars, provided,
35 however, that the benefits provided by subdivision c of section four
36 hundred forty-five-d of this article as added by chapter four hundred
37 seventy-two of the laws of nineteen hundred ninety-five based upon the
38 additional member contributions required by subdivision d of such
39 section four hundred forty-five-d shall be subject to the maximum
40 retirement benefit computations set forth in this section. The maximum
41 retirement benefit computed without optional modification payable to a
42 police officer, an investigator member of the New York city employees'
43 retirement system or a firefighter shall equal that payable upon
44 completion of thirty years of service, except that the maximum service
45 retirement benefit computed without optional modification shall equal
46 that payable upon completion of thirty-two years of service.

47 § 3. Subdivision a of section 445 of the retirement and social securi-
48 ty law, as amended by chapter 295 of the laws of 2007, is amended to
49 read as follows:

50 a. No member of a retirement system who is subject to the provisions
51 of this article shall retire without regard to age, exclusive of retire-
52 ment for disability, unless he is a policeman, an investigator member of
53 the New York city employees' retirement system, fireman, correction
54 officer, a qualifying member as defined in section eighty-nine-t, as
55 added by chapter six hundred fifty-seven of the laws of nineteen hundred
56 ninety-eight, of this chapter, sanitation man, a special officer

(including persons employed by the city of New York in the title urban park ranger or associate urban park ranger), school safety agent, campus peace officer or a taxi and limousine commission inspector member of the New York city employees' retirement system or the New York city board of education retirement system, a dispatcher member of the New York city employees' retirement system, a police communications member of the New York city employees' retirement system, a member of the water supply police in a position referred to in paragraph (o) of subdivision thirty-four of section 1.20 of the criminal procedure law, an EMT member of the New York city employees' retirement system, a deputy sheriff member of the New York city employees' retirement system, a correction officer of the Westchester county correction department as defined in section eighty-nine-e of this chapter or employed in Suffolk county as a peace officer, as defined in section eighty-nine-s, as added by chapter five hundred eighty-eight of the laws of nineteen hundred ninety-seven, of this chapter, employed in Suffolk county as a correction officer, as defined in section eighty-nine-f of this chapter, or employed in Nassau county as a correction officer, uniformed correction division personnel, sheriff, undersheriff or deputy sheriff, as defined in section eighty-nine-g of this chapter, or employed in Nassau county as an ambulance medical technician, an ambulance medical technician/supervisor or a member who performs ambulance medical technician related services, as defined in section eighty-nine-s, as amended by chapter five hundred seventy-eight of the laws of nineteen hundred ninety-eight, of this chapter, or employed in Nassau county as a peace officer, as defined in section eighty-nine-s, as added by chapter five hundred ninety-five of the laws of nineteen hundred ninety-seven, of this chapter, or employed in Albany county as a sheriff, undersheriff, deputy sheriff, correction officer or identification officer, as defined in section eighty-nine-h of this chapter or is employed in St. Lawrence county as a sheriff, undersheriff, deputy sheriff or correction officer, as defined in section eighty-nine-i of this chapter or is employed in Orleans county as a sheriff, undersheriff, deputy sheriff or correction officer, as defined in section eighty-nine-l of this chapter or is employed in Jefferson county as a sheriff, undersheriff, deputy sheriff or correction officer, as defined in section eighty-nine-j of this chapter or is employed in Onondaga county as a deputy sheriff-jail division competitively appointed or as a correction officer, as defined in section eighty-nine-k of this chapter or is employed in a county which makes an election under subdivision j of section eighty-nine-p of this chapter as a sheriff, undersheriff, deputy sheriff or correction officer as defined in such section eighty-nine-p or is employed in Broome County as a sheriff, undersheriff, deputy sheriff or correction officer, as defined in section eighty-nine-m of this chapter or is a Monroe county deputy sheriff-court security, or deputy sheriff-jailor as defined in section eighty-nine-n, as added by chapter five hundred ninety-seven of the laws of nineteen hundred ninety-one, of this chapter or is employed in Greene county as a sheriff, undersheriff, deputy sheriff or correction officer, as defined in section eighty-nine-o of this chapter or is a traffic officer with the town of Elmira as defined in section eighty-nine-q of this chapter or is employed by Suffolk county as a park police officer, as defined in section eighty-nine-r of this chapter or is a peace officer employed by a county probation department as defined in section eighty-nine-t, as added by chapter six hundred three of the laws of nineteen hundred ninety-eight, of this chapter or is employed in Rockland county as a deputy sheriff-civil as defined in section eighty-

1 nine-v of this chapter as added by chapter four hundred forty-one of the
2 laws of two thousand one, or is employed in Rockland county as a superi-
3 or correction officer as defined in section eighty-nine-v of this chap-
4 ter as added by chapter five hundred fifty-six of the laws of two thou-
5 sand one or is a paramedic employed by the police department in the town
6 of Tonawanda and retires under the provisions of section eighty-nine-v
7 of this chapter, as added by chapter four hundred seventy-two of the
8 laws of two thousand one, or is a county fire marshal, supervising fire
9 marshal, fire marshal, assistant fire marshal, assistant chief fire
10 marshal or chief fire marshal employed by the county of Nassau as
11 defined in section eighty-nine-w of this chapter and is in a plan which
12 permits immediate retirement upon completion of a specified period of
13 service without regard to age. Except as provided in subdivision c of
14 section four hundred forty-five-a of this article, subdivision c of
15 section four hundred forty-five-b of this article, subdivision c of
16 section four hundred forty-five-c of this article, subdivision c of
17 section four hundred forty-five-d of this article, subdivision c of
18 section four hundred forty-five-e of this article, subdivision c of
19 section four hundred forty-five-f of this article ~~and~~, subdivision c
20 of section four hundred forty-five-h of this article, and subdivision c
21 of section four hundred forty-five-j of this article, a member in such a
22 plan and such an occupation, other than a policeman or investigator
23 member of the New York city employees' retirement system or a fireman,
24 shall not be permitted to retire prior to the completion of twenty-five
25 years of credited service; provided, however, if such a member in such
26 an occupation is in a plan which permits retirement upon completion of
27 twenty years of service regardless of age, he may retire upon completion
28 of twenty years of credited service and prior to the completion of twen-
29 ty-five years of service, but in such event the benefit provided from
30 funds other than those based on such a member's own contributions shall
31 not exceed two per centum of final average salary per each year of cred-
32 ited service.

33 § 4. The retirement and social security law is amended by adding a new
34 section 445-j to read as follows:

35 § 445-j. Optional twenty-five year improved benefit retirement program
36 for water supply police members. a. Definitions. The following words and
37 phrases as used in this section shall have the following meanings unless
38 a different meaning is plainly required by the context.

39 1. "Retirement system" shall mean the New York city employees' retire-
40 ment system.

41 2. "Water supply police member" shall mean a member of the retirement
42 system who is subject to the provisions of this article, who is employed
43 by the city of New York in a position referred to by paragraph (o) of
44 subdivision thirty-four of section 1.20 of the criminal procedure law.

45 3. "Twenty-five year improved benefit retirement program" shall mean
46 all the terms and conditions of this section.

47 4. "Starting date of the twenty-five year improved benefit retirement
48 program" shall mean the effective date of this section, as such date is
49 certified pursuant to section forty-one of the legislative law.

50 5. "Participant in the twenty-five year improved benefit retirement
51 program" shall mean any water supply police member who, under the appli-
52 cable provisions of subdivision b of this section, is entitled to the
53 rights, benefits and privileges and is subject to the obligations of the
54 twenty-five year improved benefit retirement program, as applicable to
55 him or her.

1 6. "Administrative code" shall mean the administrative code of the
2 city of New York.

3 7. "Accumulated deductions" shall mean accumulated deductions as
4 defined in subdivision eleven of section 13-101 of the administrative
5 code.

6 8. "Optional retirement provisions" shall mean the right to retire and
7 receive a retirement allowance under this section upon the completion of
8 twenty-five years of credited service.

9 b. Election of twenty-five year improved benefit retirement program.
10 1. Subject to the provisions of paragraphs five and six of this subdivi-
11 sion, any person who is a water supply police member on the starting
12 date of the twenty-five year improved benefit retirement program may
13 elect to become a participant in the twenty-five year improved benefit
14 retirement program by filing, within one hundred eighty days after such
15 starting date, a duly executed application for such participation with
16 the retirement system, provided he or she is such a water supply police
17 member on the date such application is filed.

18 2. Subject to the provisions of paragraphs five and six of this subdivi-
19 vision, any person who becomes a water supply police member after the
20 starting date of the twenty-five year improved benefit retirement
21 program may elect to become a participant in the twenty-five year
22 improved benefit retirement program by filing, within one hundred eighty
23 days after becoming such a water supply police member, a duly executed
24 application for such participation with the retirement system, provided
25 he or she is such a water supply police member on the date such applica-
26 tion is filed.

27 3. Any election to be a participant in the twenty-five year improved
28 benefit retirement program shall be irrevocable.

29 4. Where any participant in the twenty-five year improved benefit
30 retirement program shall cease to hold a position as a water supply
31 police member, he or she shall cease to be such a participant and,
32 during any period in which such a person does not hold such a water
33 supply police position, he or she shall not be a participant in the
34 twenty-five year improved benefit retirement program and shall not be
35 eligible for the benefits of subdivision c of this section.

36 5. Where any participant in the twenty-five year improved benefit
37 retirement program terminates service as a water supply police member
38 and returns to such service as a water supply police member at a later
39 date, he or she shall again become such a participant on that date.

40 6. Notwithstanding any other provision of law to the contrary, any
41 person who is eligible to become a participant in the twenty-five year
42 improved benefit retirement program pursuant to paragraph one or two of
43 this subdivision for the full one hundred eighty day period provided for
44 in such applicable paragraph and who fails to timely file a duly
45 executed application for such participation with the retirement system,
46 shall not thereafter be eligible to become a participant in such
47 program.

48 c. Service retirement benefits. Notwithstanding any other provision of
49 law to the contrary, where a participant in the twenty-five year
50 improved benefit retirement program, who is otherwise qualified for a
51 retirement allowance pursuant to the optional retirement provisions set
52 forth in subdivision a of this section, has made and/or paid, while he
53 or she is a water supply police member, all additional member contrib-
54 utions and interest (if any) required by subdivision d of this section,
55 then:

1 1. that participant, while he or she remains a participant, shall not
2 be subject to the provisions of subdivision a of section four hundred
3 forty-five of this article; and

4 2. if that participant, while such a participant, retires from
5 service, he or she shall not be subject to the provisions of section
6 four hundred forty-four of this article; and

7 3. his or her retirement allowance shall be an amount, on account of
8 the required minimum period of service, equal to the sum of (i) an annu-
9 ity which shall be the actuarial equivalent of the accumulated
10 deductions from his or her pay during such period, (ii) a pension for
11 increased-take-home-pay which shall be the actuarial equivalent of the
12 reserve for increased-take-home-pay to which he or she may be entitled
13 for such period, and (iii) a pension which, when added to such annuity
14 and such pension for increased-take-home-pay, produces a retirement
15 allowance equal to fifty percent of his or her final average salary,
16 plus an amount for each additional year of allowable service, or frac-
17 tion thereof, beyond such required minimum period of service equal to
18 two percent of his or her final average salary; and

19 4. the maximum retirement benefit computed without optional modifica-
20 tion payable to that participant upon his or her retirement for service
21 as such a participant shall equal that payable upon completion of thirty
22 years of service.

23 d. Additional member contributions. 1. In addition to the member
24 contributions required pursuant to section 13-125 or section 13-162 of
25 the administrative code, each participant in the twenty-five year
26 improved benefit retirement program shall contribute, subject to the
27 applicable provisions of section 13-125.2 of the administrative code, an
28 additional six percent of his or her compensation earned from (i) all
29 credited service, as a participant in the twenty-five year improved
30 benefit retirement program, rendered on and after the starting date of
31 the improved benefit retirement program, and (ii) all credited service
32 after such person ceases to be a participant, but before he or she again
33 becomes a participant pursuant to paragraph five of subdivision b of
34 this section. A participant in the twenty-five year improved benefit
35 retirement program shall contribute additional member contributions
36 until the later of (i) the date as of which he or she is eligible to
37 retire with twenty-five years of credited service under such retirement
38 program, or (ii) the first anniversary of the starting date of the twen-
39 ty-five year improved benefit retirement program. The additional
40 contributions required by this paragraph shall be in lieu of additional
41 member contributions required by subdivision d of section four hundred
42 forty-five-d of this article, as added by chapter ninety-six of the laws
43 of nineteen hundred ninety-five, and no member paying additional
44 contributions pursuant to this section shall be required to pay addi-
45 tional contributions pursuant to such subdivision d of section four
46 hundred forty-five-d of this article.

47 2. Commencing with the first full payroll period after each person
48 becomes a participant in the twenty-five year improved benefit retire-
49 ment program, additional member contributions at the rate specified in
50 paragraph one of this subdivision shall be deducted, subject to the
51 applicable provisions of section 13-125.2 of the administrative code,
52 from the compensation of such participant on each and every payroll of
53 such participant for each and every payroll period for which he or she
54 is such a participant.

55 3. (i) Subject to the provisions of subparagraph (ii) of this para-
56 graph, where any additional member contributions required by paragraph

1 one of this subdivision are not paid by deductions from a participant's
2 compensation pursuant to paragraph two of this subdivision:

3 (A) that participant shall be charged with a contribution deficiency
4 consisting of such unpaid amounts, together with interest thereon,
5 compounded annually; and

6 (B) such interest on each amount of undeducted contributions shall
7 accrue from the end of the payroll period for which such amount would
8 have been deducted from compensation if he or she had been a participant
9 at the beginning of that payroll period and such deductions had been
10 required for such payroll period until such amount is paid to the
11 retirement system; and

12 (C) (1) interest on each such amount included in such participant's
13 contribution deficiency pursuant to this subparagraph shall be calcu-
14 lated as if such additional member contributions never had been paid by
15 such participant, and such interest shall accrue from the end of the
16 payroll period to which an amount of such additional member contrib-
17 utions is attributable, compounded annually, until such amount is paid
18 to the retirement system.

19 (2) the rate of interest to be applied to each such amount during the
20 period for which interest accrues on that amount shall be equal to the
21 rate or rates of interest required by law to be used during that same
22 period to credit interest on the accumulated deductions of retirement
23 system members.

24 (ii) Except as provided in subparagraph (iii) of this paragraph, no
25 interest shall be due on any unpaid additional contributions which are
26 not attributable to the period prior to the first full payroll period
27 referred to in paragraph two of this subdivision.

28 (iii) Should any person who, pursuant to paragraph seven of this
29 subdivision, has withdrawn any additional member contributions (and any
30 interest paid thereon) again become a participant in the twenty-five
31 year improved benefit retirement program pursuant to paragraph five of
32 subdivision b of this section, an appropriate amount shall be included
33 in such participant's contribution deficiency (including interest there-
34 on as calculated pursuant to subclause two of clause (C) of subparagraph
35 (i) of this paragraph) for any credited service with respect to which
36 such person received a refund of additional member contributions
37 (including any amount of an unpaid loan balance deemed to have been
38 returned to such person pursuant to paragraph seven of this subdivi-
39 sion), as if such additional member contributions never had been paid.

40 4. The board of trustees of the retirement system may, consistent with
41 the provisions of this subdivision, promulgate regulations for the
42 payment of the additional member contributions required by this subdivi-
43 sion, and any interest thereon, by a participant in the twenty-five year
44 improved benefit retirement program (including the deduction of such
45 contributions, and any interest thereon, from his or her compensation).

46 5. Where a participant who is otherwise eligible for service retire-
47 ment pursuant to subdivision c of this section did not, prior to the
48 effective date of retirement, pay the entire amount of a contribution
49 deficiency chargeable to him or her pursuant to paragraph three of this
50 subdivision, or repay the entire amount of a loan of his or her addi-
51 tional member contributions pursuant to paragraph eight of this subdivi-
52 sion (including accrued interest on such loan), that participant, never-
53 theless, shall be eligible to retire pursuant to subdivision c of this
54 section, provided, however, that where such participant is not entitled
55 to a refund of additional member contributions pursuant to paragraph
56 seven of this subdivision, such participant's service retirement benefit

1 calculated pursuant to the applicable provisions of subdivision c of
2 this section shall be reduced by a life annuity (calculated in accord-
3 ance with the method set forth in subdivision i of section six hundred
4 thirteen-b of this chapter) which is actuarially equivalent to:

5 (i) the amount of any unpaid contribution deficiency chargeable to
6 such member pursuant to paragraph three of this subdivision; plus

7 (ii) the amount of any unpaid balance of a loan of his or her addi-
8 tional member contributions pursuant to paragraph eight of this subdivi-
9 sion (including accrued interest on such loan).

10 6. Subject to the provisions of paragraph five of this subdivision,
11 where a participant has not paid in full any contribution deficiency
12 chargeable to him or her pursuant to paragraph three of this subdivi-
13 sion, and a benefit, other than a refund of a member's accumulated
14 deductions or a refund of additional member contributions pursuant to
15 paragraph seven of this subdivision, becomes payable by the retirement
16 system to the participant or to his or her designated beneficiary or
17 estate, the actuarial equivalent of any such unpaid amount shall be
18 deducted from the benefit otherwise payable.

19 7. (i) All additional member contributions required by this subdivi-
20 sion (and any interest thereon) which are received by the retirement
21 system shall be paid into its contingent reserve fund and shall be the
22 property of the retirement system. Such additional member contributions
23 (and any interest thereon) shall not for any purpose be deemed to be
24 member contributions or accumulated deductions of a member of the
25 retirement system under section 13-125 or section 13-162 of the adminis-
26 trative code while he or she is a participant in the twenty-five year
27 improved benefit retirement program or otherwise.

28 (ii) Should a participant in the twenty-five year improved benefit
29 retirement program, who has rendered less than five years of credited
30 service cease to hold a position as a water supply police member for any
31 reason whatsoever, his or her accumulated additional member contrib-
32 utions made pursuant to this subdivision (together with any interest
33 thereon paid to the retirement system) which remain credited to such
34 participant's account may be withdrawn by him or her pursuant to proce-
35 dures promulgated in regulations of the board of trustees of the retire-
36 ment system, together with interest thereon at the rate of interest
37 required by law to be used to credit interest on the accumulated
38 deductions of retirement system members compounded annually.

39 (iii) Notwithstanding any other provision of law to the contrary, (A)
40 no person shall be permitted to withdraw from the retirement system any
41 additional member contributions paid pursuant to this subdivision or any
42 interest paid thereon, except pursuant to and in accordance with the
43 preceding subparagraphs of this paragraph; and (B) no person, while he
44 or she is a participant in the twenty-five year improved benefit retire-
45 ment program, shall be permitted to withdraw any such additional member
46 contributions or any interest paid thereon pursuant to any of the
47 preceding subparagraphs of this paragraph or otherwise.

48 8. A participant in the twenty-five year improved benefit retirement
49 program shall be permitted to borrow from his or her additional member
50 contributions, including any interest paid thereon, which are credited
51 to the additional contributions account established for such participant
52 in the contingent reserve fund of the retirement system. The borrowing
53 from such additional member contributions pursuant to this paragraph
54 shall be governed by the same rights, privileges, obligations and proce-
55 dures set forth in section six hundred thirteen-b of this chapter which
56 govern the borrowing by members subject to article fifteen of this chap-

1 ter of member contributions made pursuant to section six hundred thir-
2 teen of this chapter. The board of trustees of the retirement system
3 may, consistent with the provisions of this subdivision and the
4 provisions of section six hundred thirteen-b of this chapter as made
5 applicable to this subdivision, promulgate regulations governing the
6 borrowing of such additional member contributions.

7 9. Wherever a person has an unpaid balance of a loan of his or her
8 additional member contributions pursuant to paragraph eight of this
9 subdivision at the time he or she becomes entitled to a refund of his or
10 her additional member contributions pursuant to subparagraph (ii) of
11 paragraph seven of this subdivision, the amount of such unpaid loan
12 balance (including accrued interest) shall be deemed to have been
13 returned to such member, and the refund of such additional contributions
14 shall be the net amount of such contributions, together with interest
15 thereon in accordance with the provisions of such subparagraph.

16 10. Notwithstanding any other provision of law to the contrary, the
17 provisions of section one hundred thirty-eight-b of this chapter shall
18 not be applicable to the additional member contributions which are
19 required by this subdivision.

20 11. Notwithstanding any other provision of law to the contrary, the
21 additional member contributions which are required by this subdivision
22 shall not be reduced under any program for increased-take-home-pay.

23 § 5. The retirement and social security law is amended by adding a new
24 section 604-j to read as follows:

25 § 604-j. Twenty-five year retirement program for water supply police
26 members. a. Definitions. The following words and phrases as used in
27 this section shall have the following meanings unless a different mean-
28 ing is plainly required by the context.

29 1. "Water supply police member" shall mean a member of the retirement
30 system who is employed by the city of New York in a position referred to
31 by paragraph (o) of subdivision thirty-four of section 1.20 of the crim-
32 inal procedure law.

33 2. "Twenty-five year retirement program" shall mean all the terms and
34 conditions of this section.

35 3. "Starting date of the twenty-five year retirement program" shall
36 mean the effective date of this section, as such date is certified
37 pursuant to section forty-one of the legislative law.

38 4. "Participant in the twenty-five year retirement program" shall mean
39 any water supply police member who, under the applicable provisions of
40 subdivision b of this section, is entitled to the rights, benefits and
41 privileges and is subject to the obligations of the twenty-five year
42 retirement program, as applicable to him or her.

43 5. "Discontinued member" shall mean a participant in the twenty-five
44 year retirement program who, while he or she was a water supply police
45 member, discontinued service as such a member and has a right to a
46 deferred vested benefit under subdivision d of this section.

47 6. "Administrative code" shall mean the administrative code of the
48 city of New York.

49 b. Participation in twenty-five year retirement program. 1. Subject
50 to the provisions of paragraphs six and seven of this subdivision, any
51 person who is a water supply police member on the starting date of the
52 twenty-five year retirement program and who, as such a water supply
53 police member or otherwise last became subject to the provisions of this
54 article prior to such starting date, may elect to become a participant
55 in the twenty-five year retirement program by filing, within one hundred
56 eighty days after the starting date of the twenty-five year retirement

1 program, a duly executed application for such participation with the
2 retirement system of which such person is a member, provided he or she
3 is such a water supply police member on the date such application is
4 filed.

5 2. Subject to the provisions of paragraphs six and seven of this
6 subdivision, any person who becomes a water supply police member after
7 the starting date of the twenty-five year retirement program and who, as
8 such a water supply police member or otherwise, last became subject to
9 the provisions of this article prior to such starting date, may elect to
10 become a participant in the twenty-five year retirement program by
11 filing, within one hundred eighty days after becoming such a water
12 supply police member, a duly executed application for such participation
13 with the retirement system for which such person is a member, provided
14 he or she is such a water supply police member on the date such applica-
15 tion is filed.

16 3. Any election to be a participant in the twenty-five year retirement
17 program shall be irrevocable.

18 4. Each water supply police member who becomes subject to the
19 provisions of this article on or after the starting date of the twenty-
20 five year retirement program shall become a participant in the twenty-
21 five year retirement program on the date he or she becomes such a water
22 supply police member. Provided, however, a person subject to this para-
23 graph who has exceeded age thirty upon employment as such a member shall
24 be exempt from participation in the twenty-five year retirement program
25 if such person elects not to participate by filing a duly executed form
26 with the retirement system within one hundred eighty days of becoming
27 such a member.

28 5. Where any participant in the twenty-five year retirement program
29 shall cease to be employed by the city of New York as a water supply
30 police member, he or she shall cease to be such a participant and,
31 during any period in which such person is not so employed, he or she
32 shall not be a participant in the twenty-five year retirement program
33 and shall not be eligible for the benefits of subdivision c of this
34 section.

35 6. Where any participant in the twenty-five year retirement program
36 terminates service as a water supply police member and returns to such
37 service as a water supply police member at a later date, he or she shall
38 again become such a participant on that date.

39 7. Notwithstanding any other provision of law to the contrary, any
40 person who is eligible to elect to become a participant in the twenty-
41 five year retirement program pursuant to paragraph one or two of this
42 subdivision for the full one hundred eighty day period provided for in
43 such applicable paragraph and who fails to timely file a duly executed
44 application for such participation with the retirement system, shall not
45 thereafter be eligible to become a participant in such program.

46 c. Service retirement benefits. 1. A participant in the twenty-five
47 year retirement program:

48 (i) who has completed twenty-five or more years of credited service;
49 and

50 (ii) who has paid, before the effective date of retirement, all addi-
51 tional member contributions and interest (if any) required by subdivi-
52 sion e of this section; and

53 (iii) who files with the retirement system of which he or she is a
54 member an application for service retirement setting forth at that time,
55 not less than thirty days subsequent to the execution and filing there-
56 of, he or she desires to be retired; and

1 (iv) who shall be a participant in the twenty-five year retirement
2 program at the time so specified for his or her retirement; shall be
3 retired pursuant to the provisions of this section affording early
4 service retirement.

5 2. (i) Notwithstanding any other provision of law to the contrary, and
6 subject to the provisions of paragraph six of subdivision e of this
7 section, the early service retirement benefit for participants in the
8 twenty-five year retirement program who retire pursuant to paragraph one
9 of this subdivision shall be a retirement allowance consisting of:

10 (A) an amount, on account of the required minimum period of service,
11 equal to fifty percent of his or her final average salary; plus

12 (B) an amount on account of credited service, or fraction thereof,
13 beyond such required minimum period of service equal to two percent of
14 his or her final salary;

15 (ii) The maximum retirement allowance computed without optional
16 modification payable pursuant to subparagraph (i) of this paragraph
17 shall equal that payable upon completion of thirty years of service.

18 d. Vesting. 1. A participant in the twenty-five year retirement
19 program:

20 (i) who discontinues service as such a participant, other than by
21 death or retirement; and

22 (ii) who prior to such discontinuance, completed five but less than
23 twenty-five years of credited service; and

24 (iii) who, subject to the provisions of paragraph seven of subdivision
25 e of this section, has paid, prior to such discontinuance, all addi-
26 tional member contributions and interest (if any) required by subdivi-
27 sion e of this section; and

28 (iv) who does not withdraw in whole or in part his or her accumulated
29 member contributions pursuant to section six hundred thirteen of this
30 article unless such participant thereafter returns to public service and
31 repays the amounts so withdrawn, together with interest, pursuant to
32 such section six hundred thirteen; shall be entitled to receive a
33 deferred vested benefit as provided in this subdivision.

34 2. (i) Upon such discontinuance under the conditions and in compliance
35 with the provisions of paragraph one of this subdivision, such deferred
36 vested benefit shall vest automatically.

37 (ii) Such vested benefit shall become payable on the earliest date on
38 which such discontinued member could have retired for service if such
39 discontinuance had not occurred.

40 3. Subject to the provisions of paragraph seven of subdivision e of
41 this section, such deferred vested benefit shall be a retirement allow-
42 ance consisting of an amount equal to two percent of such discontinued
43 member's final average salary, multiplied by the number of years of
44 credited service.

45 e. Additional member contributions. 1. In addition to the member
46 contributions required by section six hundred thirteen of this article,
47 each participant in the twenty-five year retirement program shall
48 contribute to the retirement system of which he or she is a member
49 (subject to the applicable provisions of subdivision d of section six
50 hundred thirteen of this article) an additional six percent of his or
51 her compensation earned from (i) all credited service, as a participant
52 in the twenty-five year retirement program, rendered on or after the
53 starting date of the twenty-five year retirement program, and (ii) all
54 credited service after such person ceases to be a participant, but
55 before he or she again becomes a participant pursuant to paragraph six
56 of subdivision b of this section. The additional contributions required

1 by this subdivision shall be in lieu of additional member contributions
2 required by subdivision d of section six hundred four-c of this article,
3 as added by chapter ninety-six of the laws of nineteen hundred ninety-
4 five, and no member making contributions pursuant to this section shall
5 be required to make contributions pursuant to such subdivision d of
6 section six hundred four-c of this article.

7 2. A participant in the twenty-five year retirement program shall
8 contribute additional member contributions until the later of (i) the
9 first anniversary of the starting date of the twenty-five year retire-
10 ment program, or (ii) the date on which he or she completes thirty years
11 of credited service as a water supply police member.

12 3. Commencing with the first full payroll period after each person
13 becomes a participant in the twenty-five year retirement program, addi-
14 tional member contributions at the rate specified in paragraph one of
15 this subdivision shall be deducted (subject to the applicable provisions
16 of subdivision d of section six hundred thirteen of this article) from
17 the compensation of such participant on each and every payroll of such
18 participant for each and every payroll period for which he or she is
19 such a participant.

20 4. (i) Each participant in the twenty-five year retirement program
21 shall be charged with a contribution deficiency consisting of the total
22 amounts of additional member contributions such person is required to
23 make pursuant to paragraphs one and two of this subdivision which are
24 not deducted from his or her compensation pursuant to paragraph three of
25 this subdivision, if any, together with interest thereon, compounded
26 annually, and computed in accordance with the provisions of subpara-
27 graphs (ii) and (iii) of this paragraph.

28 (ii) (A) The interest required to be paid on each such amount speci-
29 fied in subparagraph (i) of this paragraph shall accrue from the end of
30 the payroll period for which such amount would have been deducted from
31 compensation if he or she had been a participant at the beginning of
32 that payroll period and such deduction had been required for such
33 payroll period, until such amount is paid to the retirement system.

34 (B) The rate of interest to be applied to each such amount during the
35 period for which interest accrues on that amount shall be equal to the
36 rate or rates of interest required by law to be used during that same
37 period to credit interest on the accumulated deductions of retirement
38 system members.

39 (iii) Except as otherwise provided in paragraph five of this subdivi-
40 sion, no interest shall be due on any unpaid additional member contrib-
41 utions which are not attributable to a period prior to the first full
42 payroll period referred to in paragraph three of this subdivision.

43 5. (i) Should any person who, pursuant to subparagraph (ii) of para-
44 graph ten of this subdivision, has received a refund of his or her addi-
45 tional member contributions including any interest paid on such contrib-
46 utions, again become a participant in the twenty-five year retirement
47 program pursuant to paragraph six of subdivision b of this section, an
48 appropriate amount shall be included in such participant's contribution
49 deficiency (including interest thereon as calculated pursuant to subpar-
50 agraph (ii) of this paragraph) for any credited service for which such
51 person received a refund of such additional member contributions
52 (including any amount of an unpaid loan balance deemed to have been
53 returned to such person pursuant to paragraph twelve of this subdivi-
54 sion), as if such additional member contributions never had been paid.

55 (ii) (A) Interest on a participant's additional member contributions
56 included in such participant's contribution deficiency pursuant to

1 subparagraph (i) of this paragraph shall be calculated as if such addi-
2 tional member contributions had never been paid by such participant, and
3 such interest shall accrue from the end of the payroll period to which
4 an amount of such additional member contributions is attributable, until
5 such amount is paid to the retirement system.

6 (B) The rate of interest to be applied to each such amount during the
7 period for which interest accrues on that amount shall be five percent
8 per annum, compounded annually.

9 6. Where a participant who is otherwise eligible for service retire-
10 ment pursuant to subdivision c of this section did not, prior to the
11 effective date of retirement, pay the entire amount of a contribution
12 deficiency chargeable to him or her pursuant to paragraphs four and five
13 of this subdivision, or repay the entire amount of a loan of his or her
14 additional member contributions pursuant to paragraph eleven of this
15 subdivision (including accrued interest on such loan), that participant,
16 nevertheless, shall be eligible to retire pursuant to subdivision c of
17 this section, provided, however, that such participant's service retire-
18 ment benefit calculated pursuant to paragraph two of such subdivision c
19 shall be reduced by a life annuity (calculated in accordance with the
20 method set forth in subdivision i of section six hundred thirteen-b of
21 this article) which is actuarially equivalent to:

22 (i) the amount of any unpaid contribution deficiency chargeable to
23 such member pursuant to paragraphs four and five of this subdivision;
24 plus

25 (ii) the amount of any unpaid balance of a loan of his or her addi-
26 tional member contributions pursuant to paragraph eleven of this subdi-
27 vision (including accrued interest on such loan).

28 7. Where a participant who is otherwise eligible for a vested right to
29 a deferred benefit pursuant to subdivision d of this section did not,
30 prior to the date of discontinuance of service, pay the entire amount of
31 a contribution deficiency chargeable to him or her pursuant to para-
32 graphs four and five of this subdivision, or repay the entire amount of
33 a loan of his or her additional member contributions pursuant to para-
34 graph eleven of this subdivision (including accrued interest on such
35 loan), that participant, nevertheless, shall be eligible for a vested
36 right to a deferred benefit pursuant to subdivision d of this section,
37 provided, however, that the deferred vested benefit calculated pursuant
38 to paragraph three of such subdivision d shall be reduced by a life
39 annuity (calculated in accordance with the method set forth in subdivi-
40 sion i of section six hundred thirteen-b of this article) which is actu-
41 arially equivalent to:

42 (i) the amount of any unpaid contribution deficiency chargeable to
43 such member pursuant to paragraphs four and five of this subdivision;
44 plus

45 (ii) the amount of any unpaid balance of a loan of his or her addi-
46 tional member contributions pursuant to paragraph eleven of this subdi-
47 vision (including accrued interest on such loan).

48 8. The head of a retirement system which includes participants in the
49 twenty-five year retirement program in its membership may, consistent
50 with the provisions of this subdivision, promulgate regulations for the
51 payment of such additional member contributions, and any interest there-
52 on, by such participants (including the deduction of such contributions,
53 and any interest thereon, from the participant's compensation).

54 9. Subject to the provisions of paragraphs six and seven of this
55 subdivision, where a participant has not paid in full any contribution
56 deficiency chargeable to him or her pursuant to paragraphs four and five

1 of this subdivision, and a benefit, other than a refund of member
2 contributions pursuant to section six hundred thirteen of this article
3 or a refund of additional member contributions pursuant to subparagraph
4 (ii) of paragraph ten of this subdivision, becomes payable under this
5 article to the participant or to his or her designated beneficiary or
6 estate, the actuarial equivalent of any such unpaid amount shall be
7 deducted from the benefit otherwise payable.

8 10. (i) Such additional member contributions (and any interest there-
9 on) shall be paid into the contingent reserve fund of the retirement
10 system of which the participant is a member and shall not for any
11 purpose be deemed to be member contributions or accumulated contrib-
12 utions of a member under section six hundred thirteen of this article or
13 otherwise while he or she is a participant in the twenty-five year
14 retirement program or otherwise.

15 (ii) Should a participant in the twenty-five year retirement program
16 who has rendered less than five years of credited service cease to hold
17 a position as a water supply police member for any reason whatsoever,
18 his or her accumulated additional member contributions made pursuant to
19 this subdivision (together with any interest thereon paid to the retire-
20 ment system) may be withdrawn by him or her pursuant to procedures
21 promulgated in regulations of the board of trustees of the retirement
22 system, together with interest thereon at the rate of five percent per
23 annum, compounded annually.

24 (iii) Notwithstanding any other provision of law to the contrary, (A)
25 no person shall be permitted to withdraw from the retirement system any
26 additional member contributions paid pursuant to this subdivision or any
27 interest paid thereon, except pursuant to and in accordance with the
28 preceding subparagraphs of this paragraph; and (B) no person, while he
29 or she is a participant in the twenty-five year retirement program,
30 shall be permitted to withdraw any such additional member contributions
31 or any interest paid thereon pursuant to any of the preceding subpara-
32 graphs of this paragraph or otherwise.

33 11. A participant in the twenty-five year retirement program shall be
34 permitted to borrow from his or her additional member contributions
35 (including any interest paid thereon) which are credited to the addi-
36 tional contributions account established for such participant in the
37 contingent reserve fund of the retirement system. The borrowing from
38 such additional member contributions pursuant to this paragraph shall be
39 governed by the rights, privileges, obligations and procedures set forth
40 in section six hundred thirteen-b of this article which govern the
41 borrowing of member contributions made pursuant to section six hundred
42 thirteen of this article. The board of trustees of the retirement system
43 may, consistent with the provisions of this subdivision and the
44 provisions of section six hundred thirteen-b of this article as made
45 applicable to this subdivision, promulgate regulations governing the
46 borrowing of such additional member contributions.

47 12. Whenever a person has an unpaid balance of a loan of his or her
48 additional member contributions pursuant to paragraph eleven of this
49 subdivision at the time he or she becomes entitled to a refund of his or
50 her additional member contributions pursuant to subparagraph (ii) of
51 paragraph ten of this subdivision, the amount of such unpaid loan
52 balance (including accrued interest) shall be deemed to have been
53 returned to such member, and the refund of such additional contributions
54 shall be the net amount of such contributions, together with interest
55 thereon in accordance with the provisions of such subparagraph (ii).

§ 6. Subdivision d of section 613 of the retirement and social security law is amended by adding a new paragraph 12 to read as follows:

12. (i) The city of New York shall, in the case of a water supply police member (as defined in paragraph one of subdivision a of section six hundred four-j of this article) who is a participant in the twenty-five year retirement program (as defined in paragraph four of subdivision a of such section six hundred four-j), pick up and pay to the retirement system of which such participant is a member, all additional member contributions which otherwise would be required to be deducted from such member's compensation pursuant to paragraphs one and two of subdivision e of such section six hundred four-j (not including any additional member contributions due for any period prior to the first full payroll period referred to in paragraph three of such subdivision e), and shall effect such pick up on each and every payroll of such participant for each and every payroll period with respect to which such paragraph three would otherwise require such deductions.

(ii) An amount equal to the amount of additional contributions picked up pursuant to this paragraph shall be deducted by such employer from the compensation of such member (as such compensation would be in the absence of a pick up program applicable to him or her hereunder) and shall not be paid to such member.

(iii) The additional member contributions picked up pursuant to this paragraph for any such member shall be paid by such employer in lieu of an equal amount of additional member contributions otherwise required to be paid by such member under the applicable provisions of subdivision e of section six hundred four-j of this article, and shall be deemed to be and treated as employer contributions pursuant to section 414(h) of the Internal Revenue Code.

(iv) For the purpose of determining the retirement system rights, benefits and privileges of any member whose additional member contributions are picked up pursuant to this paragraph, such picked up additional member contributions shall be deemed to be and treated as part of such member's additional member contributions under the applicable provisions of subdivision e of section six hundred four-j of this article.

(v) With the exception of federal income tax treatment, the additional member contributions picked up pursuant to subparagraph (i) of this paragraph shall for all other purposes, including computation of retirement benefits and contributions by employers and employees, be deemed employee salary. Nothing contained in this subdivision shall be construed as superseding the provisions of section four hundred thirty-one of this chapter, or any similar provision of law which limits the salary base of computing retirement benefits payable by a public retirement system.

§ 7. Section 13-125.2 of the administrative code of the city of New York is amended by adding a new subdivision a-9 to read as follows:

a-9. Notwithstanding any other provision of law to the contrary, on or after the starting date for pick up, the employer responsible for pick up shall, in the case of a water supply police member (as defined in paragraph two of subdivision a of section four hundred forty-five-j of the retirement and social security law) who is a participant in the twenty-five year improved benefit retirement program (as defined in paragraph three of such subdivision a of section four hundred forty-five-j), pick up and pay to the retirement system all additional member contributions which otherwise would be required to be deducted from such member's compensation pursuant to subdivision d of such section four

hundred forty-five-j, and shall effect such pick up on each and every payroll of such participant for each and every payroll period with respect to which such subdivision d would otherwise require such deductions.

§ 8. Subparagraph (ii) of paragraph 1 of subdivision c of section 13-125.2 of the administrative code of the city of New York, as amended by chapter 682 of the laws of 2003, is amended to read as follows:

(ii) the determination of the amount of such member's Tier I or Tier II nonuniformed-force member contributions eligible for pick up by the employer or additional member contributions required to be picked up pursuant to subdivision a-one, subdivision a-two, subdivision a-three, subdivision a-four, subdivision a-five, subdivision a-six, subdivision a-seven ~~[ex]~~, subdivision a-eight, or subdivision a-9 of this section; and

§ 9. Subdivision d of section 13-125.2 of the administrative code of the city of New York is amended by adding a new paragraph 2-h to read as follows:

(2-h) For the purpose of determining the retirement system rights, benefits and privileges of any member who is a participant in the twenty-five year improved benefit retirement program (as defined in paragraph three of subdivision a of section four hundred forty-five-j of the retirement and social security law), the additional member contributions of such participant picked up pursuant to subdivision a-nine of this section shall be deemed to be and treated as a part of such member's additional member contributions under subdivision d of such section four hundred forty-five-j.

§ 10. Paragraph 3 of subdivision d of section 13-125.2 of the administrative code of the city of New York, as amended by chapter 682 of the laws of 2003, is amended to read as follows:

(3) Interest on contributions picked up for any Tier I or Tier II non-uniformed-force member pursuant to this section (other than additional member contributions picked up pursuant to subdivision a-one, subdivision a-two, subdivision a-three, subdivision a-four, subdivision a-five, subdivision a-six, subdivision a-seven ~~[ex]~~, subdivision a-eight, or subdivision a-nine of this section) shall accrue in favor of the member and be payable to the retirement system at the same rate, for the same time periods, in the same manner and under the same circumstances as interest would be required to accrue in favor of the member and be payable to the retirement system on such contributions if they were made by such member in the absence of a pick up program applicable to such member under the provisions of this section.

§ 11. Subdivision a of section 603 of the retirement and social security law, as amended by chapter 18 of the laws of 2012, is amended to read as follows:

a. The service retirement benefit specified in section six hundred four of this article shall be payable to members who have met the minimum service requirements upon retirement and attainment of age sixty-two, other than members who are eligible for early service retirement pursuant to subdivision c of section six hundred four-b of this article, subdivision c of section six hundred four-c of this article, subdivision d of section six hundred four-d of this article, subdivision c of section six hundred four-e of this article, subdivision c of section six hundred four-f of this article, subdivision c of section six hundred four-g of this article, subdivision c of section six hundred four-h of this article ~~[ex]~~, subdivision c of section six hundred four-i of this article, or subdivision c of section six hundred four-j of this article,

1 provided, however, a member of a teachers' retirement system or the New
2 York state and local employees' retirement system who first joins such
3 system before January first, two thousand ten or a member who is a
4 uniformed court officer or peace officer employed by the unified court
5 system who first becomes a member of the New York state and local
6 employees' retirement system before April first, two thousand twelve may
7 retire without reduction of his or her retirement benefit upon attain-
8 ment of at least fifty-five years of age and completion of thirty or
9 more years of service, provided, however, that a uniformed court officer
10 or peace officer employed by the unified court system who first becomes
11 a member of the New York state and local employees' retirement system on
12 or after January first, two thousand ten and retires without reduction
13 of his or her retirement benefit upon attainment of at least fifty-five
14 years of age and completion of thirty or more years of service pursuant
15 to this section shall be required to make the member contributions
16 required by subdivision f of section six hundred thirteen of this arti-
17 cle for all years of credited and creditable service, provided further
18 that the ~~the~~ preceding provisions of this subdivision shall not apply
19 to a New York city revised plan member.

20 § 12. Nothing contained in sections six and eleven of this act shall
21 be construed to create any contractual right with respect to members to
22 whom such sections apply. The provisions of such sections are intended
23 to afford members the advantages of certain benefits contained in the
24 Internal Revenue Code, and the effectiveness and existence of such
25 sections and benefits they confer are completely contingent thereon.

26 § 13. This act shall take effect immediately, provided, however that:

27 (a) The amendments to subdivision a of section 603 of the retirement
28 and social security law made by section eleven of this act shall not
29 affect the expiration of such subdivision as provided in subdivision (b)
30 of section 13 of chapter 682 of the laws of 2003, and shall expire ther-
31 ewith;

32 (b) The provisions of section six of this act shall remain in force
33 and effect only so long as, pursuant to federal law, contributions
34 picked up under section 613 of the retirement and social security law
35 are not includable as gross income of a member for federal income tax
36 purposes until distributed or made available to the member; and

37 (c) The amendments to provisions of section 13-125.2 of the adminis-
38 trative code of the city of New York made by sections seven, eight, nine
39 and ten of this act shall not affect the expiration of such provisions
40 as provided for in chapter 681 of the laws of 1992, as amended.

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

SUMMARY OF BILL: This proposed legislation would amend certain provisions of the Retirement and Social Security Law (RSSL) and the Administrative Code of the City of New York (ACCNY), and add RSSL Sections 445-j and 604-j to establish a 25-Year Retirement Program for Tier 2, 4, and 6 New York City Employees' Retirement System (NYCERS) members who are employed in the title of Water Supply Police (WSP 25-Year Plan).

Effective Date: Upon enactment.

MEMBERS ELIGIBLE TO JOIN: Those NYCERS members who are sworn officers of the water supply police employed by the City of New York (City), appointed to protect the sources, works, and transmission of water supplied to the City, and to protect persons on or in the vicinity of such water sources, works, and transmission pursuant to subdivision o of section 1.20 of the Criminal Procedure Law.

For purposes of this Fiscal Note, these members are collectively referred to as "Water Supply Police Members."

Participation in the WSP 25-Year Plan is optional for anyone who is eligible to participate in the Plan on the date of enactment by filing an election form within 180 days of enactment. Anyone who is a member of NYCERS (i.e. subject to Article 15) on the date of enactment and subsequently becomes employed as a Water Supply Police Member also has 180 days upon becoming such a member to elect to join the WSP 25-Year Plan.

Any new Water Supply Police Member who becomes a Tier 6 NYCERS member after the date of enactment is mandated into the Plan. However, if the member exceeds age 30 upon being mandated into the WSP 25-Year Plan, the member has the option not to participate in the Plan by filing an application to opt out of the Plan within 180 days of becoming a Water Supply Police Member.

IMPACT ON BENEFITS: Currently, Water Supply Police Members generally participate in one of the NYCERS general plans (i.e. basic Tier 4 62/5 Plan, Tier 6 63/10 Plan or Improved Tier 4 57/5, 55/25 Plans). There are currently no active Tier 2 Water Supply Police Members. Therefore, the following summary only applies to Tier 4 and Tier 6 Water Supply Police Members.

The proposed legislation would provide the following benefits to Water Supply Police Members under the WSP 25-Year Plan:

- * Service retirement benefit: Upon attaining 25 years of any NYCERS Credited Service, including service as a Water Supply Police Member, a benefit equal to 50% of Final Average Salary (FAS) for the first 25 years of Credited Service plus 2% of FAS for each additional year of Credited Service up to a maximum of 30 years of such service.

- * Final Average Salary: Three-Year Average (FAS3) for Tier 4 members and Five-Year Average (FAS5) for Tier 6 members.

- * Vested benefit:

- * Eligibility is:

- * At least five, but less than 25, years of Credited Service for Tier 4 and Tier 6 members.

- * Payable at:

- * The date the member would have completed 25 years of Credited Service for Tier 4, and

- * Age 63 for Tier 6.

- * Amount:

- * 2% of FAS for each year of Credited Service.

- * Other benefits: Members of the proposed WSP 25-Year Plan are entitled to the same disability and death benefits as other Tier 4 and Tier 6 members under the respective basic plans.

ADDITIONAL MEMBER CONTRIBUTIONS: Members of the WSP 25-Year Plan are required to make, in addition to the Basic Member Contributions, to the extent payable, Additional Member Contributions equal to 6% of compensation for all service as a Plan participant on and after the starting date of the Plan until the later of a maximum of 30 years of Credited Service or the one year anniversary of the enactment of the Plan.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES: With respect to NYCERS and based on the anticipated group of members joining the WSP 25-Year Plan and the actuarial assumptions and methods described herein, if the proposed legislation were enacted, the Actuarial Present Value (APV) of Benefits (APVB) would increase by approximately \$2.3 million, consisting of an increase in APV of member contributions of approximately \$1.5 million, and an increase in APV of future employer contributions of approximately \$0.8 million.

Under the Entry Age Normal cost method used to determine the employer contributions to NYCERS, there would be an increase in the Unfunded Accrued Liability (UAL) of approximately \$2.2 million offset by a decrease in the APV of future employer Normal Cost of \$1.4 million. The decrease in the APV of future employer Normal Cost is primarily due to the expected future working lifetime of the affected members.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with ACCNY Section 13.638.2(k-2), new UAL 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. As of June 30, 2017, if this proposed legislation is enacted, the remaining working lifetime of the Water Supply Police Members assumed to join the WSP 25-Year Plan is approximately 13 years.

For this proposed legislation, the increase in UAL of \$2.2 million was amortized over a 13-year period (12 payments under the One-Year Lag Methodology) using level dollar payments resulting in an increase in annual employer contributions beginning with approximately \$259,000 per year.

CONTRIBUTION TIMING: If enacted during the 2018 Legislative Session before June 30, 2018, the WSP 25-Year Plan would likely first be reflected in the June 30, 2018 census data. In accordance with the One-Year Lag Methodology (OYLM) used to determine employer contributions, the increase in employer contributions would first be reflected in Fiscal Year 2020.

OTHER COSTS: Not measured in this Fiscal Note are the following:

- * The initial, additional administrative costs of NYCERS and other City agencies to implement the proposed legislation.

- * The impact of this proposed legislation on Other Postemployment Benefit (OPEB) costs.

CENSUS DATA: The census data used for the calculations presented herein is as of June 30, 2017. This data, under the OYLM, will be used to determine the Fiscal Year 2019 employer contributions for members who are eligible for and who could potentially benefit from this proposed legislation.

Census data is submitted by NYCERS administrative staff, participating employers' payroll facilities, Office of Payroll Administration (OPA), and Financial Information Services Agency (FISA). This data is then reviewed by the Office of the Actuary (OA) for consistency and reasonability.

Where applicable, June 30, 2017 salaries have been adjusted by the Actuary to reflect contract settlements with retroactive effect and the assumption of pattern bargaining. Estimates of liabilities attributable to the related additional benefits payable have been applied to the results contained herein.

The 53 eligible Water Supply Police Members as of June 30, 2017 assumed to join the WSP 25-Year Plan had an average age of approximately 38.0, average service of approximately 13.8 years, and an average annual salary of approximately \$72,031.

ACTUARIAL ASSUMPTIONS AND METHODS: The additional employer contributions presented herein have been calculated based on the same actuarial assumptions and methods in effect for the June 30, 2016 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2018 employer contributions of NYCERS except that the actuarial method includes a change in the application of the Entry Age Normal cost method. Please note these assumptions and methods are subject to change as this valuation is not considered final until the end of the Fiscal Year 2018.

To determine the impact of the elective nature of the proposed legislation, a subgroup of Water Supply Police Members was developed based on who would potentially benefit actuarially. The net APV of future employer costs (i.e. the APVB less the APV of future member contributions) of each member's benefit was determined under their current plan and under the WSP 25-Year Plan. If the net APV of future employer cost under the WSP 25-Year Plan was greater than or equal to the APV of future employer cost under the member's current plan, the member was deemed to benefit actuarially and is assumed to participate in the WSP 25-Year Plan.

Based on this analysis, it was determined that those members who are hired after the age of 30 and have the option of joining the WSP 25-Year Plan in the future will not benefit actuarially from the Plan. Therefore, it was further assumed that future Plan participation, in addition to those existing members who will benefit from the Plan, will be limited to those hired at the age of 30 or younger who are mandated into the Plan. However, since it is expected that Water Supply Police Members hired at the age of 30 or younger will generally not benefit under the plan (i.e. they have a decrease in APV of future employer costs as compared to the Tier 6 63/10 Plan that they would otherwise participate in absent this proposed legislation), the costs presented in this Fiscal Note are borne only from current NYCERS members who are assumed to benefit from, and thus opt to join, the WSP 25-Year Plan.

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am a Fellow of the Society of Actuaries, an Enrolled Actuary under the Employee Retirement Income and Security Act of 1974 (ERISA), a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of my knowledge, the results contained herein have been prepared in accordance with generally accepted actuarial principles and procedures, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

FISCAL NOTE IDENTIFICATION: This Fiscal Note 2018-11 dated March 23, 2018, was prepared by the Chief Actuary for the New York City Employees' Retirement System. This estimate is intended for use only during the 2018 Legislative Session.