STATE OF NEW YORK

8070

IN SENATE

March 26, 2018

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 granting retroactive membership in the teachers' retirement system to Margaret Russo

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

Section 1. Notwithstanding any other law to the contrary, Margaret Russo, who was employed as a part-time employee with the Brooklyn public library with a start date of January 1, 1970 until May 1971, and who is currently a member of the teachers' retirement system of the city of New York, who through no fault of her own did not become a member of the teachers' retirement system of the city of New York on January 1, 1970 when first employed by the Brooklyn public library shall be deemed to have been a member of the teachers' retirement system of the city of New York on such date.

§ 2. No contributions made to the teachers' retirement system of the city of New York by Margaret Russo shall be returned or refunded to her pursuant to this act.

§ 3. This act shall take effect immediately.

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

SUMMARY OF BILL: The proposed legislation would deem Margaret Russo, an active Tier 4 member of the New York City Teachers' Retirement System (TRS), to be a Tier 1 member with a Membership Date of January 1, 1970.

Effective Date: Upon enactment.

BACKGROUND - GENERAL: Ms. Russo is currently a Tier 4 TRS member with a Membership Date of October 1, 1995.

If the proposed legislation is passed, Ms. Russo would be reclassified as a Tier 1 member as if she had joined a public retirement system within the state upon her commencement of employment with the Brooklyn Public Library on January 1, 1970.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES: The estimated financial impact of this proposal has been calculated based on the difference between the actuarial present value of (1) the Tier 1 benefits Ms. Russo would be expected to receive if this proposed legislation were enacted (including two years of additional service credit under Chapter 126 of the Laws of 2000) and (2) the Tier 4 benefits that Ms. Russo is currently expected to receive.

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

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Because Tier 1 TRS members are generally permitted to take an actuarial reduction of their retirement allowance to account for deficits in member contributions, for purposes of this fiscal note it is assumed that Ms. Russo would not pay any owed member contributions resulting from the reclassification. Based on the actuarial assumptions and methods described herein, as well as the application of Tier 1 benefit calculation provisions, it is estimated that Ms. Russo's Actuarial Present Value of Benefits (APVB) and Actuarial Accrued Liability (AAL) would increase by approximately $178,000 and $161,000, respectively, as of June 30, 2017.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with the Administrative Code of the City of New York (ACCNY) Section 13-638.2(k-2), new Unfunded Accrued Liability (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.

For this proposed legislation, the increase in the UAL was amortized over Ms. Russo's expected remaining working lifetime of three years (two payments under the One-Year Lag Methodology), which results in an increase in employer contributions of approximately $98,000 per year.

CONTRIBUTION TIMING: If enacted during the 2018 Legislative Session, the Tier shift of Ms. Russo would likely first be reflected in the June 30, 2018 census data. In accordance with the One-Year Lag Methodology 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 any administrative costs associated with implementing this proposed legislation.

CENSUS DATA: Census data used for the calculations presented herein is the census data collected for the June 30, 2017 (Lag) valuation of TRS. As of June 30, 2017 Ms. Russo had 24 years of service, was approximately age 66, and had a salary of approximately $145,000.

ACTUARIAL ASSUMPTIONS AND METHODS: The additional APVB, UAL, and 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 TRS 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.

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pensions 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 2018-08 dated March 23, 2018, was prepared by the Chief Actuary for the New York City Teachers' Retirement System. This estimate is intended for use only during the 2018 Legislative Session.