

# STATE OF NEW YORK

11066

## IN ASSEMBLY

June 4, 2018

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Abbate) --  
read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to  
additional member contributions for certain members under the age  
fifty-seven retirement program

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

1 Section 1. Paragraph 1 of subdivision f of section 604-d of the  
2 retirement and social security law is amended by adding a new subpara-  
3 graph (iv) to read as follows:

4 (iv) notwithstanding the provisions of subparagraph (ii) of this para-  
5 graph, a participant holding the title of carpenter, supervisor carpen-  
6 ter, ship carpenter, supervisor ship carpenter, rigger, dockbuilder,  
7 supervisor dockbuilder and general supervisor dockbuilder who is a  
8 participant in the age fifty-seven retirement program and whose age and  
9 allowable service are such that he or she could not possibly be able to  
10 accumulate at least twenty-five years of service by the time he or she  
11 reaches age fifty-seven, shall not be required to make the additional  
12 member contribution pursuant to subparagraph (ii) of this paragraph.  
13 Any participant in the titles listed in this subparagraph who has made  
14 additional member contributions pursuant to subparagraph (ii) of this  
15 paragraph prior to the effective date of the chapter of the laws of two  
16 thousand seventeen that added this subparagraph shall receive a refund  
17 of the employee portion of such contributions plus interest provided  
18 that their age and allowable service are such that he or she could not  
19 possibly be able to accumulate at least twenty-five years of service by  
20 the time he or she reaches age fifty-seven.

21 § 2. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend New York  
Retirement and Social Security Law (RSSL) Section 604-d to exempt from  
the physically taxing provisions certain Tier 4 carpenter titles, who  
are participants in the New York City Employees' Retirement System  
(NYCERS) or the Board of Education Retirement System of the City of New

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

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York (BERS) Age 57 Retirement Program (57/5 Plan), and who would not benefit from the early retirement provisions for such physically taxing titles.

The proposed legislation would affect 57/5 Plan participants in the physically taxing titles of carpenter, supervisor carpenter, ship carpenter, supervisor ship carpenter, rigger, dockbuilder, supervisor dockbuilder, and general supervisor dockbuilder (Eligible Carpenter Title) who would be unable to reach the requisite 25 years of credited service in a physically taxing title by age 57, and would therefore be ineligible to take advantage of the early retirement provisions of the physically taxing title, which permits retirement at age 50 (with 25 years of credited service).

Under the proposed legislation, Eligible Carpenter Titles who started in the 57/5 Plan but will not reach 25 years of credited service in a physically taxing title by age 57 would no longer pay physically taxing Additional Member Contributions (AMCs) and would receive an immediate refund of the employee portion (i.e. 50%) of their physically taxing AMCs plus interest. Such Titles would remain responsible for applicable basic member contributions and applicable non-physically taxing AMCs for continued 57/5 Plan participation.

Effective Date: Upon enactment.

**FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES:** Based on the census date and actuarial assumptions and methods described herein, the enactment of this proposed legislation would decrease the Actuarial Present Value (APV) of Benefits (APVB) by approximately \$2.1 million, decrease the APV of future member contributions by approximately \$3.5 million and decrease the Actuarial Asset Value (APV) by approximately \$2.0 million for NYCERS and BERS. The net result is an increase in the APV of future employer contributions of approximately \$3.4 million.

Under the Entry Age Normal cost method used to determine the employer contributions to NYCERS and BERS, there would be an increase in the Unfunded Accrued Liability (UAL) of approximately \$0.5 million and an increase in the APV future employer Normal Cost of \$2.9 million.

**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 UAL attributable to benefit changes are to 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, the remaining working lifetime of the members in Eligible Carpenter Titles is approximately eight years for NYCERS and seven years for BERS.

For the purposes of this Fiscal Note, the increase in UAL was amortized over an eight-year period (seven payments under the One-Year Lag Methodology) for NYCERS and a seven-year period (six payments under the One-Year Lag Methodology) for BERS using level dollar payments. This payment plus the increase in the Normal Cost results in an increase in annual employer contributions of approximately \$526,000 (\$514,000 for NYCERS and \$12,000 for BERS).

ESTIMATED FINANCIAL IMPACT ON NYCERS AND BERS IF CERTAIN CARPENTERS  
WITHDRAW PHYSICALLY TAXING AMCs FROM THE TIER 4 57/5 PLAN AND CEASE  
MAKING SUCH FUTURE AMCs  
(\$000s)

	NYCERS	BERS	Total
Actuarial Asset Value (AAV)	\$(1,975)	\$(45)	\$(2,020)
Actuarial Accrued Liability			

(AAL)	\$(1,481)	\$(43)	\$(1,524)
Unfunded Accrued Liability			
(AAL-AAV)	\$ 494	\$ 2	\$ 496
Actuarial Present Value of			
Future Employer Normal Cost	\$ 2,832	\$ 77	\$ 2,909
Employer Contributions	\$ 514	\$ 12	\$ 526

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

\* The initial, additional administrative costs of NYCERS, BERS, and other New York City agencies to implement the proposed legislation.

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

CONTRIBUTION TIMING: For the purposes of this Fiscal Note, it is assumed that the changed in the APV of the future employer contributions and annual employer contributions would be reflected for the first time in the June 30, 2018 actuarial valuation of NYCERS and BERS. In accordance with the One-Year Lag Methodology (OYLM) used to determine employer contributions, the increase in employer contributions would be first reflected in the Fiscal Year 2020

CENSUS DATA: The estimates presented herein are based on census data used in the Preliminary June 30, 2017 (Lag) actuarial valuation of NYCERS and BERS to determine Preliminary Fiscal Year 2019 employer contributions. The following table summarizes the data for the affected participants:

	NYCERS	BERS	Total
Count	259	7	266
Average Age	54.4 years	54.4 years	54.4 years
Average Service	12.2 years	14.9 years	12.3 years
Average Salary	\$102,300	\$98,900	\$102,200

ACTUARIAL ASSUMPTIONS AND METHODS: The changes in the UAL, APV of future employer contributions, and annual employer contributions presented herein have been calculated based on the same actuarial assumptions and methods in effect for the June 30, 2017 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2019 employer contributions of NYCERS and BERS. Please note these assumptions and methods are subject to change as this valuation is not considered final until the end of Fiscal Year 2019.

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 2018-30 dated May 23, 2018, was prepared by the Chief Actuary for the New York City Employees' Retirement System and Board of Education Retirement System of the City of New York. This estimate is intended for use only during the 2018 Legislative Session.