STATE OF NEW YORK

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3576--B

2017-2018 Regular Sessions

IN SENATE

January 24, 2017
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Introduced by Sens. TEDISCO, ADDABBO, AMEDORE, AVELLA, BAILEY, BRESLIN,
  CROCI, HELMING, HOYLMAN, LARKIN, MURPHY, PARKER -- read twice and
  ordered printed, and when printed to be committed to the Committee on
  Civil Service and Pensions -- 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 -- committee discharged, bill amended,
  ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, in relation to
  increasing the retiree earnings cap

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

 1   Section 1. Subdivision 2 of section 212 of the retirement and social
 2 security law, as amended by chapter 74 of the laws of 2006, is amended
 3 to read as follows:
 4   2. The earning limitations for retired persons in positions of public
 5 service under this section shall be in accordance with the following
 6 table:

 7   For the year   Earnings limitation
 8   1996 $12,500
 9   1997 $13,500
10   1998 $14,500
11   1999 $15,500
12   2000 $17,000
13   2001 $18,500
14   2002 $20,000
15   2003 $25,000
16   2004 $27,500
17   2005 and 2006 $27,500
18   2007 [and thereafter] through 2018 $30,000

    EXPLANATION--Matter in **italics** (underscored) is new; matter in brackets
                    [-] is old law to be omitted.
                                                        LBD04812-14-8

1   **2019 and thereafter**   **$35,000**
2   § 2. This act shall take effect immediately.
     FISCAL NOTE.--Pursuant to Legislative Law, Section 50:
     This bill would amend subdivision 2 of section 212 of the Retirement
and Social Security Law to increase the earnings limitation for retired
members in positions of public employment to $35,000 for the calendar
year 2019 and thereafter. The earnings limitation for the calendar year
2018 is $30,000.
     The annual cost to the employers of members of the New York State
Teachers' Retirement System is estimated to be negligible if this bill
is enacted.
     Member data is from the System's most recent actuarial valuation
files, consisting of data provided by the employers to the Retirement
System. Data distributions and statistics can be found in the System's
Comprehensive Annual Financial Report (CAFR). System assets are as
reported in the System's financial statements, and can also be found in
the CAFR. Actuarial assumptions and methods are provided in the System's
Actuarial Valuation Report.
     The source of this estimate is Fiscal Note 2018-9 dated January 26,
2018 prepared by the Actuary of the New York State Teachers' Retirement
System and is intended for use only during the 2018 Legislative Session.
I, Richard A. Young, am the Actuary for the New York State Teachers'
Retirement System. I am a member of the American Academy of Actuaries
and I meet the Qualification Standards of the American Academy of Actu-
aries to render the actuarial opinion contained herein.
     FISCAL NOTE.--Pursuant to Legislative Law, Section 50:
     This bill would amend Section 212 of the Retirement and Social Securi-
ty Law to set the amount a retired person may earn in public employment
without reduction in retirement allowance during the year 2019 and ther-
eafter, to $35,000.
     If this bill is enacted, insofar as it would affect the New York State
and Local Employees' Retirement System and the New York State and Local
Police and Fire Retirement System, the resulting 16.7% increase over the
current $30,000 limit, in place since 2007, which is less than the
increase in the consumer price index over the same period would not
affect retirement patterns. Therefore, the annual cost is estimated to
be negligible.
     Summary of relevant resources:
     The membership data used in measuring the impact of the proposed
change was the same as that used in the March 31, 2017 actuarial valu-
ation. Distributions and other statistics can be found in the 2017
Report of the Actuary and the 2017 Comprehensive Annual Financial
Report.
     The actuarial assumptions and methods used are described in the 2015,
2016, and 2017 Annual Report to the Comptroller on Actuarial Assump-
tions, and the Codes Rules and Regulations of the State of New York:
Audit and Control.
     The Market Assets and GASB Disclosures are found in the March 31, 2017
New York State and Local Retirement System Financial Statements and
Supplementary Information.
     I am a member of the American Academy of Actuaries and meet the Quali-
fication Standards to render the actuarial opinion contained herein.
     This estimate, dated January 2, 2018, and intended for use only during
the 2018 Legislative Session, is Fiscal Note No. 2018-20, prepared by
the Actuary for the New York State and Local Retirement System.
     FISCAL NOTE.-- Pursuant to Legislative Law, Section 50:

SUMMARY OF BILL: With respect to the New York City Retirement Systems and Pension Funds (NYCRS), this proposed legislation would amend Retirement and Social Security Law (RSSL) Section 212 to increase the earnings limit of certain NYCRS retirees who return to Public Service.

Effective Date: Upon enactment.

IMPACT ON PENSION PAYMENTS: Retirees who return to Public Service and elect to be covered under the provisions of RSSL Section 212 are permitted to earn an amount not exceeding a specific dollar limit in a calendar year without loss, suspension, or diminution of their retirement allowances. Once this dollar limit is reached, the retiree's pension is suspended for the remainder of that calendar year. Generally, there are no earnings limitations in, or following, the calendar year in which the retiree attains age 65.

Currently, the dollar limitation in effect for Calendar Year 2007 and thereafter is $30,000. Under the proposed legislation, the RSSL Section 212 post-retirement public Service earnings limitation would be increased to $35,000 for Calendar Year 2018 and thereafter.

FINANCIAL IMPACT - 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. However, since changes in the applicable retirement allowances paid to NYCRS retired members under this proposed legislation are not known in advance, the increase in pension payments due to this legislation has been treated as an actuarial loss. These actuarial losses were amortized over a 15-year period (14 payments under the One-Year Lag Methodology) using level dollar payments for the purpose of this Fiscal Note.

For those NYCRS retirees who become reemployed in Public Service and are subject to RSSL Section 212, and who have exceeded the post-retirement Public Service earnings limit, the Actuary estimates that the annual potential impact of the proposed legislation would be to increase pension payments in Calendar Year 2018 from the NYCRS by approximately $540,000.

Overall, the Actuary believes the changes in employer contributions to the NYCRS as a result of enactment of the proposed legislation would be approximately $65,000 beginning in Fiscal Year 2020. Future years' costs in additional to the aforementioned cost would depend on factors such as, but not limited to, the number of retirees that benefit under the legislation.

CONTRIBUTION TIMING: For purposes of this Fiscal Note, it is assumed that the change in the UAL would be reflected for the first time in the June 30, 2018 actuarial valuations of NYCRS. Under the One-Year Lag Methodology (OYLM), the first fiscal year in which these changes in benefits would impact employer contributions would be Fiscal Year 2020.

OTHER COSTS: Not measured in this Fiscal Note are any possible increased administrative costs attributable to enactment of the proposed legislation.

CENSUS DATA: For purposes of analyzing the impact of the proposed legislation, data on retirees reemployed in Public Service was furnished by the NYCRS. This data was reviewed and considered illustrative of those who could potentially be impacted by this proposed legislation. Where data was not final, an assumption was made to determine the amount of those retirees who are employed in Public Service, are under age 65,

and have applicable post-retirement earnings exceeding the RSSL Section 212 limit.

NYCRS RETIREES UNDER AGE 65 IN PUBLIC SERVICE IN 2017
WHO ELECTED TO BE SUBJECT TO RSSL SECTION 212

Retirement System{1}	Number Reemployed with Earnings in Excess of $30,000
NYCERS	47
TRS	70
BERS	1
POLICE	33
FIRE	0{2}
Total	151

{1} New York City Employees' Retirement System (NYCERS)
    New York City Teachers' Retirement System (TRS)
    New York City Board of Education Retirement System (BERS)
    New York City Police Pension Fund (POLICE)
    New York City Fire Pension Fund (FIRE)

{2} Estimated from information furnished.

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

For purposes of analyzing the impact of the proposed legislation, it was assumed that the current number of reemployed NYCRS retirees in Public Service under the age if 65 earning in excess of the RSSL Section 212 dollar limit, their Public Service Earnings, and their pension would remain constant over time.

STATEMENT OF ACTUARIAL OPINION: I, Sherry Chan, and the Chief Actuary for, and independent of, the New York City Retirement System 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 Confer-ence 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 principals and procedures and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

FISCAL NOTE IDENTIFICATION: This Fiscal Note 2018-17, dated April 20, 2018 was prepared by the Chief Actuary for the New York City Employees' Retirement System, the New York City Teachers' Retirement System, the New York City Board of Education Retirement System, the New York City Police Pension Fund, and the New York City Fire Pension Fund. This esti-mate is intended for use only during the 2018 Legislative Session.