STATE OF NEW YORK

6100--A

2017-2018 Regular Sessions

IN SENATE

May 11, 2017

Introduced by Sen. GOLDEN -- 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

AN ACT to amend the retirement and social security law, in relation to eligibility of uniformed personnel of the New York city department of correction for ordinary disability benefits

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

Section 1. Section 507-a of the retirement and social security law is amended by adding a new subdivision f to read as follows:

f. Notwithstanding any other provision of law, there shall be no restrictions on the earnings from employment not in public service permitted to a member of the uniformed personnel of the New York city department of correction who:

1. has retired pursuant to the provisions of this section; and

2. was subject to the provisions of (i) subdivision d of section five hundred four of this article, (ii) subdivision c of section five hundred four-a of this article, or (iii) subdivision c of section five hundred four-b of this article prior to his or her retirement, subsequent to the date as of which he or she would have been eligible for service retirement.

§ 2. This act shall take effect immediately.

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

SUMMARY OF BILL: The proposed legislation would amend Retirement and Social Security Law (RSSL) Section 507-a by adding a new subdivision f to remove post-retirement earnings restrictions from private sector employment for periods after the applicable service retirement eligibility date for certain retired uniformed personnel of the New York City

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

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Department of Correction who are receiving certain disability benefits from the New York City Employees' Retirement System (NYCERS).

Effective Date: Upon enactment.

IMPACT ON BENEFITS: NYCERS restricts the total calendar year Personal Service Income (PSI) resulting from all public and private employment for certain retirees, including certain Tier 3 correction officers who receive disability retirement benefits under RSSL Section 507-a (Correction Disability Retiree).

If a Correction Disability Retiree's PSI from all public and private employment exceeds the NYCERS PSI limitation for the calendar year, then such retiree's disability pension is suspended for 12 months. The NYCERS PSI limitation for 2016 was $29,900 and increases each year with the Consumer Price Index.

If the proposed legislation is enacted, Correction Disability Retirees, who were Tier 3 correction members in the Early Service Retirement Benefit Plan for General Members, the Correction Officer 20-year Plan or the Correction Captain 20-year Plan, would no longer be subject to the PSI limitation for private employment earnings after the date they would have been eligible to receive a service retirement in their respective plan.

For purposes of this fiscal note, it was assumed that Correction Disability Retirees would continue to be limited by other post-retirement earnings restrictions such as New York City Charter (NYCC) Section 1117 and RSSL Section 212.

NYCC Section 1117 limits the PSI for any NYCERS retiree to $1,800 per year from most public employment within New York State (including New York City). PSI from those sources that exceeds $1,800 per year will result in a suspension of the retiree's pension. However, NYCC Section 1117 places no limits on the amounts of PSI that may be earned from private employment. RSSL Section 212 limits a retiree to earn up to $30,000 per year from post-retirement public employment, notwithstanding NYCC Section 1117, if certain conditions are met.

FINANCIAL IMPACT - EMPLOYER COSTS: The change in employer costs would depend upon the amount and timing of pension payments that would no longer be suspended due to this legislation.

To the extent the NYCERS earnings limitation would have applied in Calendar Years 2018 and later, Correction Disability Retirees whose post-retirement earnings exceeded the PSI limitation would have had their pension suspended for 12 months in years after the date on which they would have become eligible for service retirement.

Enactment of the legislation would eliminate the reduction in benefits to those Correction Disability Retirees whose PSI exceeds the NYCERS earnings limitation after the date on which they would have become eligible for service retirement.

Because few, if any, Correction Disability Retirees' benefits are suspended due to PSI that exceeds the NYCERS earnings limitation, the increase in benefits would likely be de minimis.

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

ACTUARIAL ASSUMPTIONS AND METHODS: The additional employer costs 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. 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 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 2018-13 dated March 29, 2018, was prepared by the Chief Actuary for New York City Employees' Retirement System. This estimate is intended for use only during the 2018 Legislative Session.