

STATE OF NEW YORK

6591

2017-2018 Regular Sessions

IN SENATE

June 6, 2017

Introduced by Sen. DILAN -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the retirement and social security law, in relation to allowing members of the New York city transit authority twenty-five year and age fifty-five retirement plan to purchase credit for prior service

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

Section 1. Subdivision e of section 604-b of the retirement and social security law is amended by adding a new paragraph 11 to read as follows:

11. Notwithstanding any provision of law, rule or regulation to the contrary, any member who is a current member of the New York city transit authority twenty-five year and age fifty-five retirement plan authorized in this section:

(i) whose name was included on a preferred eligible list during any period occurring on or after May eleventh, two thousand ten and on or prior to July twenty-fifth, two thousand twelve, by reason of the abolition of a position held by him or her with the New York city transit authority; and

(ii) who was a member or former member at the time when his or her name was placed on such list;

shall be permitted to contribute to such retirement plan, the amount which he or she would have contributed to such system for the duration of time his or her name was included on such list, together with regular interest on such amount, and the length of credited time for which contributions are made pursuant to this paragraph shall be credited as allowable service in the transit authority plan under this section for all purposes, including eligibility for benefits.

§ 2. This act shall take effect immediately.

FISCAL NOTE.--PROVISIONS OF PROPOSED LEGISLATION: The proposed legislation would amend Retirement and Social Security Law (RSSL) Section

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

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604-b to permit eligible New York City Employees' Retirement System (NYCERS) members in the Tier 4 or Tier 6 Twenty-Five Year and Age Fifty-Five Retirement Program for New York City Transit Authority Members (Transit 25/55 Plan) to purchase certain furlough time for Allowable Service credit in the Plan.

The Effective Date of the proposed legislation would be the date of enactment.

To be eligible to purchase furlough time, an individual must:

- * be a current NYCERS Transit 25/55 Plan member,
- * have been on a preferred eligible list anytime on and after May 11, 2010 to July 25, 2012, inclusive, because of the abolition of his or her position by the Transit Authority, and
- * have been a member or former member of the Transit 25/55 Plan at the time his or her name was placed on such list.

In order to receive Allowable Service credit in the Transit 25/55 Plan, an eligible member must make any applicable contributions to NYCERS, with interest, for the period of eligible furlough time. The period of purchased furlough time shall be considered Allowable Service in the Transit Authority for all purposes in the Transit 25/55 Plan, including eligibility for and calculation of benefits.

For purposes of this Fiscal Note, it is assumed that eligible Transit 25/55 Plan Members who purchase applicable furlough time would be ineligible to receive service credit in any public retirement system within the State including NYCERS, for the same period of time.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES: With respect to NYCERS and based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the actuarial Present Value (APV) of Benefits (APVB) by approximately \$1,180,000. In addition, there would be a decrease in the APV of Future Employee Contributions of \$6,000, resulting in an increase in the APV of Future Employer Contributions of \$1,186,000.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with the Administrative Code of the City of New York (ACNY) Section 13.638.2(k-2), new UAAL 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, 2016, the remaining working lifetime of the transit Authority members that would be impacted by the proposed legislation is approximately 13 years.

With respect to NYCERS based on the actuarial assumptions and methods used in the Preliminary June 30, 2016 valuations of NYCERS, the enactment of this proposed legislation would increase annual employer contributions by approximately \$160,000 per year beginning in Fiscal Year 2019.

OTHER COSTS: Not measured in this Fiscal Note are the initial, additional administrative costs of NYCERS and other New York City agencies to implement the proposed legislation.

CENSUS DATA: The starting census data used for the calculations presented herein is the census data used in the Preliminary June 30, 2016 (Lag) actuarial valuation of NYCERS. This data was supplemented by additional service data provided by NYCERS for 156 Transit Authority employees who would benefit under the proposed legislation. These 156 members had an average age of approximately 46.7, average service of approximately 10.3 years (11.1 years after reflecting purchase of furlough time if the proposed legislation is enacted), and an average salary of approximately \$68,000.

ACTUARIAL ASSUMPTIONS AND METHODS: The additional employer contributions presented herein have been calculated based on the actuarial assumptions and methods used to determine the Preliminary Fiscal Year 2018 employer contributions of NYCERS.

Employer contributions under current methodology have been estimated assuming the additional APVB would be financed through future normal contributions including an amortization of the new UAAL attributable to this proposed legislation over a 13-year period (12 payments under the One-Year Lag Methodology).

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Pension Funds and Retirement Systems. I am a Fellow of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

FISCAL NOTE IDENTIFICATION: This Fiscal Note 2017-15 dated May 9, 2017, was prepared by the Chief Actuary for the New York City Employees' Retirement System. This estimate is intended for use only during the 2017 Legislative Session.