STATE OF NEW YORK

6594

2017-2018 Regular Sessions

IN SENATE

June 6, 2017

Introduced by Sen. LANZA -- 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 and chapter 511 of the laws of 1988 amending the retirement and social security law relating to a reduction in retirement age for certain members, in relation to a reduced retirement age for certain Triborough bridge and tunnel authority employees

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

Section 1. Paragraph (ii) of subdivision a of section 651 of the retirement and social security law, as amended by chapter 225 of the laws of 2006, is amended to read as follows:

(ii) For each full year of covered employment [~~occurring prior to January first, two thousand nine~~] which is subsequent to December thirty-first, nineteen hundred seventy, his or her normal retirement age shall be reduced by four months.

§ 2. Section 2 of chapter 511 of the laws of 1988, amending the retirement and social security law relating to a reduction in retirement age for certain members, as amended by chapter 225 of the laws of 2006, is amended to read as follows:

§ 2. This act shall take effect immediately[~~, and shall apply only to covered employment performed on or before December 31, 2008~~].

§ 3. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after December 31, 2008.

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

PROVISIONS OF PROPOSED LEGISLATION: This proposed legislation would amend Retirement and Social Security Law (RSSL) Section 651(a)(ii) and Chapter 511 of the Laws of 1988 to extend special unreduced early retirement provisions for certain Tier 1, 2, 3 and 4 Triborough Bridge and Tunnel Authority (TBTA) employees who are members of the New York City Employees' Retirement System (NYCERS).

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

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The Effective Date of the proposed legislation would be the date of enactment and would be deemed to have been in full force and effect on and after December 31, 2008.

MEMBERS IMPACTED BY THE PROPOSED LEGISLATION: The proposed legislation would cover those members of NYCERS who are employed in the following TBTA job titles (Covered Members):

* Bridge and Tunnel Officer,
* Bridge and Tunnel Sergeant,
* Bridge and Tunnel Lieutenant,
* Assistant Bridge and Tunnel Maintainer,
* Bridge and Tunnel Maintainer,
* Senior Bridge and Tunnel Maintainer, and
* Bridge and Tunnel Laborer.

IMPACT ON BENEFITS PAYABLE: The proposed legislation would permit Covered Members, who otherwise meet applicable service retirement requirements, to retire earlier than their applicable normal retirement age.

Under current law, a Tier 1 member's normal retirement age is 55. A Tier 2, 3 and 4 member's current normal retirement age is 62. Retiring for service prior to these ages would generally result in a reduction of the member's annual retirement benefit.

Under the proposed legislation, each year of qualifying TBTA service would reduce such normal retirement ages by 4 months (e.g., 12 years of qualifying TBTA service would reduce the applicable normal retirement age by 4 years) without subjecting the member to a retirement benefit reduction.

However, in no event shall a Tier 1 member retire, other than for disability, prior to age 50, and in no event shall a Tier 2, 3, or 4 member retire, other than for disability, prior to age 55.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES (APV): With respect to the TBTA members who would be impacted by this proposed legislation, under the actuarial assumptions used in the Preliminary June 30, 2016 (Lag) actuarial valuations of NYCERS, the enactment of this proposed legislation would increase the APV of Benefits (APVB) by approximately $1.7 million.

FINANCIAL IMPACT - EMPLOYER CONTRIBUTIONS: In accordance with the Administrative Code of the City of New York (ACNY) Section 13.638.2 (k-2), new Unfunded Actuarial Accrued Liability (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 TBTA members and beneficiaries who would be impacted by the proposed legislation is approximately 10 years.

Based on the actuarial assumptions and methods used in the Preliminary June 30, 2016 valuation of NYCERS, the enactment of this proposed legislation would increase annual employer contributions by approximately $300,000 per year beginning in Fiscal Year 2018.

OTHER COSTS: Not measured in this Fiscal Note are the initial, additional administrative costs of NYCERS to implement the proposed legislation.

CENSUS DATA: As of June 30, 2016, there are 1,311 active TBTA members with annual salaries of approximately $126.6 million.

The members affected by the proposed legislation consisted of 82 Tier 4 members with salaries of approximately $8.2 million whose average age and average service as of June 30, 2016 were 48.9 years and 19.7 years, respectively.

ACTUARIAL ASSUMPTIONS AND METHODS: The additional APVB, APVSAL and employer contributions presented herein have been calculated based on the actuarial assumptions and methods in effect for the Preliminary June 30, 2016 (Lag) actuarial valuations 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 10 year period (9 payments under the OYLM Methodology).

To determine the impact of the proposed legislation, it was necessary to determine who would benefit actuarially, by calculating for each member, the net APV of future employer costs (i.e., the APVB less the APV of future member contributions) under the current Period Without Reduction Before Normal Retirement Age (PWRBN) provisions and the proposed PWRBN provisions. If such net APV measured for the proposed PWRBN provisions was greater than the net APV under the current PWRBN provisions, the member was deemed to benefit actuarially.

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 2017-09 dated April 19, 2017, was prepared by the Chief Actuary for the New York City Employee's Retirement System. This estimate is intended for use only during the 2017 Legislative Session.