

# STATE OF NEW YORK

7158--B

## IN SENATE

(Prefiled)

January 3, 2018

Introduced by Sen. GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- 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 general municipal law and the retirement and social security law, in relation to increasing certain special accidental death benefits

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

Section 1. Subdivision c of section 208-f of the general municipal law, as amended by chapter 76 of the laws of 2017, is amended to read as follows:

c. Commencing July first, two thousand ~~[seventeen]~~ eighteen the special accidental death benefit paid to a widow or widower or the deceased member's children under the age of eighteen or, if a student, under the age of twenty-three, if the widow or widower has died, shall be escalated by adding thereto an additional percentage of the salary of the deceased member (as increased pursuant to subdivision b of this section) in accordance with the following schedule:

calendar year of death of the deceased member	per centum
1977 or prior	<del>[226.2%]</del> <u>236%</u>
1978	<del>[216.7%]</del> <u>226.2%</u>
1979	<del>[207.5%]</del> <u>216.7%</u>
1980	<del>[198.5%]</del> <u>207.5%</u>
1981	<del>[189.8%]</del> <u>198.5%</u>
1982	<del>[181.4%]</del> <u>189.8%</u>
1983	<del>[173.2%]</del> <u>181.4%</u>
1984	<del>[165.2%]</del> <u>173.2%</u>
1985	<del>[157.5%]</del> <u>165.2%</u>
1986	<del>[150.0%]</del> <u>157.5%</u>

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

LBD13848-05-8

1	1987	[ <del>142.7%</del> ]	<u>150.0%</u>
2	1988	[ <del>135.7%</del> ]	<u>142.7%</u>
3	1989	[ <del>128.8%</del> ]	<u>135.7%</u>
4	1990	[ <del>122.1%</del> ]	<u>128.8%</u>
5	1991	[ <del>115.7%</del> ]	<u>122.1%</u>
6	1992	[ <del>109.4%</del> ]	<u>115.7%</u>
7	1993	[ <del>103.3%</del> ]	<u>109.4%</u>
8	1994	[ <del>97.4%</del> ]	<u>103.3%</u>
9	1995	[ <del>91.6%</del> ]	<u>97.4%</u>
10	1996	[ <del>86.0%</del> ]	<u>91.6%</u>
11	1997	[ <del>80.6%</del> ]	<u>86.0%</u>
12	1998	[ <del>75.4%</del> ]	<u>80.6%</u>
13	1999	[ <del>70.2%</del> ]	<u>75.4%</u>
14	2000	[ <del>65.3%</del> ]	<u>70.2%</u>
15	2001	[ <del>60.5%</del> ]	<u>65.3%</u>
16	2002	[ <del>55.8%</del> ]	<u>60.5%</u>
17	2003	[ <del>51.3%</del> ]	<u>55.8%</u>
18	2004	[ <del>46.9%</del> ]	<u>51.3%</u>
19	2005	[ <del>42.6%</del> ]	<u>46.9%</u>
20	2006	[ <del>38.4%</del> ]	<u>42.6%</u>
21	2007	[ <del>34.4%</del> ]	<u>38.4%</u>
22	2008	[ <del>30.5%</del> ]	<u>34.4%</u>
23	2009	[ <del>26.7%</del> ]	<u>30.5%</u>
24	2010	[ <del>23.0%</del> ]	<u>26.7%</u>
25	2011	[ <del>19.4%</del> ]	<u>23.0%</u>
26	2012	[ <del>15.9%</del> ]	<u>19.4%</u>
27	2013	[ <del>12.6%</del> ]	<u>15.9%</u>
28	2014	[ <del>9.3%</del> ]	<u>12.6%</u>
29	2015	[ <del>6.1%</del> ]	<u>9.3%</u>
30	2016	[ <del>3.0%</del> ]	<u>6.1%</u>
31	2017	[ <del>0.0%</del> ]	<u>3.0%</u>
32	<u>2018</u>	<u>0.0%</u>	
33	§ 2. Subdivision c of section 361-a of the retirement and social secu-		
34	rity law, as amended by chapter 76 of the laws of 2017, is amended to		
35	read as follows:		
36	c. Commencing July first, two thousand [ <del>seventeen</del> ] <u>eighteen</u> the		
37	special accidental death benefit paid to a widow or widower or the		
38	deceased member's children under the age of eighteen or, if a student,		
39	under the age of twenty-three, if the widow or widower has died, shall		
40	be escalated by adding thereto an additional percentage of the salary of		
41	the deceased member, as increased pursuant to subdivision b of this		
42	section, in accordance with the following schedule:		
43	calendar year of death		
44	of the deceased member per centum		
45	1977 or prior	[ <del>226.2%</del> ]	<u>236%</u>
46	1978	[ <del>216.7%</del> ]	<u>226.2%</u>
47	1979	[ <del>207.5%</del> ]	<u>216.7%</u>
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53	1985	[ <del>157.5%</del> ]	<u>165.2%</u>
54	1986	[ <del>150.0%</del> ]	<u>157.5%</u>
55	1987	[ <del>142.7%</del> ]	<u>150.0%</u>
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26	2014	[ <del>9.3%</del> ]	<u>12.6%</u>
27	2015	[ <del>6.1%</del> ]	<u>9.3%</u>
28	2016	[ <del>3.0%</del> ]	<u>6.1%</u>
29	2017	[ <del>0.0%</del> ]	<u>3.0%</u>
30	<u>2018</u>	<u>0.0%</u>	

31 § 3. This act shall take effect July 1, 2018.

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

SUMMARY OF BILL: The enactment of this proposed legislation would amend General Municipal Law (GML) Section 208-f(c) to increase certain Special Accidental Death Benefits (SADB) for surviving spouses, dependent children, and certain other individuals (Eligible Beneficiaries) of former uniformed employees of the city of New York and the New York City Health and Hospitals Corporation, and for certain former employees of the Triborough Bridge and Tunnel Authority, who were members of certain New York City Pension Funds or Retirement Systems (NYCRS) and died as a natural and proximate result of an accident sustained in the performance of duty.

Effective Date for this proposed legislation: July 1, 2018.

IMPACT ON BENEFITS - SADB RECIPIENTS: With respect to the NYCRS, the proposed legislation would impact the SADB payable to certain survivors of members of the:

- \* New York City Employees' Retirement System (NYCERS),
- \* New York City Police Pension Fund (POLICE), or
- \* New York City Fire Pension Fund (FIRE),

and who were employed by one of the following employers in certain positions:

- \* New York City Police Department - Uniformed Position,
- \* New York City Fire Department - Uniformed Position,
- \* New York City Department of Sanitation - Uniformed Position,
- \* New York City Housing Authority - Uniformed Position,
- \* New York City Transit Authority - Uniformed Position,

- \* New York City Department of Correction - Uniformed Position,
- \* New York City - Uniformed Position as Emergency Medical Technician (EMT),
- \* New York City Health and Hospitals Corporation - Uniformed Position as EMT, or
- \* Triborough Bridge and Tunnel Authority - Bridge and Tunnel Position.

DESCRIPTION OF BENEFITS PAYABLE: Under the GML, the basic SADB is defined as:

The salary of the deceased member at date of death (or, in certain instances, a greater salary based on a higher rank or other status)(Final Salary), less the following payments to an Eligible Beneficiary:

- \* Any NYCERS death benefit as adjusted by any Supplementation or Cost-of-Living Adjustment (COLA),
- \* Any Social Security death benefit, and
- \* Any Workers' Compensation benefit.

The SADB is paid to the deceased member's surviving spouse, if alive. If the spouse is no longer alive, the SADB is paid to the deceased member's children until age eighteen or until age twenty-three of a student. If neither spouse nor a dependent child is alive, the SADB may be paid to certain other individuals, if eligible, in accordance with certain laws related to the World Trade Center attack.

The GML also provides that the SADB is subject to escalation based on the calendar year in which the former member died. The SADB has traditionally been increased by a cumulative, incremental percentage of Final Salary based on the calendar year of the member's death.

Under the proposed legislation, effective July 1, 2018, an additional 3.0% of Final Salary would be applied to the SADB paid due to deaths occurring in each calendar year on and after 1977. The SADB for deaths occurring prior to 1977 would receive the same escalation as deaths occurring in 1977.

FINANCIAL IMPACT - EMPLOYER PAYMENTS: With respect to the NYCERS, the additional annual employer payments expected to be paid during the first year, if the proposed legislation is enacted, would equal approximately \$3.4 million.

As a result of the past four decades' practice of providing 3.0% COLAs on the SADB each year, and the likelihood that COLAs will continue to be granted in the future, the NYCERS Preliminary Fiscal Year 2018 employer contributions reflected, for the first time, the value of the SADB provided pursuant to GML Section 208(f) with an annual escalation assumption of 3.0%. Since then, the Actuary has continued to include the liability for SADB benefits and the assumed future annual escalation increases of 3.0%, including the additional cost associated with this proposed legislation, in NYCERS employer contributions. Therefore, the costs of this proposed legislation have already been accounted for and will not result in a further increase in employer contributions. Conversely, should this proposed legislation fail to pass, NYCERS employer contributions would decrease by approximately \$400,000 per year for 14 years beginning in Fiscal Year 2021 as a result of an actuarial gain.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES OF BENEFITS (APVB): With respect to Eligible Beneficiaries of deceased NYCERS members who would be impacted by this proposed legislation, under the actuarial assumptions used in the NYCERS June 30, 2016 (Lag) actuarial valuations, including an annual Actuarial Interest Rate (AIR) assumption of 7.0%, the enactment of this proposed legislation would increase the APVB by approximately \$36.9 million as of June 30, 2018.

OTHER COSTS: Enactment of this proposed legislation would also be expected to result in modest increases in administrative expenses of NYCERS, POLICE and FIRE, their participating employers, and certain New York City agencies.

CENSUS DATA: The financial impact of the proposed legislation is based upon the census data for such Eligible Beneficiaries provided by the NYCERS.

TOTAL ACCIDENTAL DEATH BENEFIT PAID BY THE NYCERS

Retirement System	Number of Deceased Members with Eligible Survivors	Annual Accidental Death Benefit Prior to Proposed July 1, 2018 Increase (\$ Millions)
NYCERS	36	\$2.8
POLICE	367	38.8
FIRE	<u>621</u>	<u>70.6</u>
Total	1,024	\$112.2

ACTUARIAL ASSUMPTIONS AND METHODS: The increase in the APVB presented herein has 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, POLICE and FIRE, including an annual Actuarial Interest Rate (AIR) assumption of 7.0% (net of Investment Expenses). Please note these assumptions and methods are subject to change as this valuation is not considered final until the end of the City's 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 2018-02 dated January 31, 2018, was prepared by the Chief Actuary for the New York City Employees' Retirement System, the New York City Police Pension Fund and New York City Fire Pension Fund. This estimate is intended for use only during the 2018 Legislative Session.

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

This bill would amend both the General Municipal Law and the Retirement and Social Security Law to increase the salary used in the computation of the special accidental death benefit by 3% in cases where the date of death was before 2018.

Insofar as this bill would amend the Retirement and Social Security Law, it is estimated that there would be an additional annual cost of approximately \$493,000 above the approximately \$11.3 million current annual cost of this benefit. This cost would be shared by the State of New York and all participating employers of the New York State and Local Police and Fire Retirement System.

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 valuation. 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 2015, 2016, and 2017 Annual Report to the Comptroller on Actuarial Assumptions, 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 Qualification Standards to render the actuarial opinion contained herein.

This estimate, dated December 8, 2017, and intended for use only during the 2018 Legislative Session, is Fiscal Note No. 2018-15, prepared by the Actuary for the New York State and Local Retirement System.