

STATE OF NEW YORK

7525

IN SENATE

January 19, 2018

Introduced by Sen. RITCHIE -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

AN ACT to amend the retirement and social security law, in relation to death benefits for certain members; and providing for the repeal of such provisions upon expiration thereof

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

1 Section 1. Subdivision b of section 448 of the retirement and social
2 security law is amended by adding a new paragraph 3 to read as follows:

3 3. Provided further, notwithstanding any other provision of this arti-
4 cle to the contrary, where a member is in a title as defined in subdivi-
5 sion i of section eighty-nine of this chapter under the jurisdiction of
6 the department of corrections and community supervision, and would have
7 been entitled to a service retirement benefit at the time of his or her
8 death and where his or her death occurs on or after July first, two
9 thousand eighteen, the beneficiary or beneficiaries may elect to
10 receive, in a lump sum, an amount payable which shall be equal to the
11 pension reserve that would have been established had the member retired
12 on the date of his or her death, or the value of the death benefit and
13 the reserve-for-increased-take-home-pay, if any, whichever is greater.

14 § 2. Subdivision b of section 508 of the retirement and social securi-
15 ty law, as amended by chapter 18 of the laws of 2012, is amended to read
16 as follows:

17 b. A member of a retirement system subject to the provisions of this
18 article who is a policeman, fireman, correction officer, investigator
19 revised plan member or sanitation man and is in a plan which permits
20 immediate retirement upon completion of a specified period of service
21 without regard to age or who is subject to the provisions of section
22 five hundred four or five hundred five of this article, shall upon
23 completion of ninety days of service be covered for financial protection
24 in the event of death in service pursuant to this subdivision.

25 1. Such death benefit shall be equal to three times the member's sala-
26 ry raised to the next highest multiple of one thousand dollars, but in
27 no event shall it exceed three times the maximum salary specified in

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

LBD02565-12-8

1 section one hundred thirty of the civil service law or, in the case of a
2 member of a retirement system other than the New York city employees'
3 retirement system, or in the case of a member of the New York city
4 employees' retirement system who is a New York city uniformed
5 correction/sanitation revised plan member or an investigator revised
6 plan member, the specific limitations specified for age of entrance into
7 service contained in subparagraphs (b), (c), (d), (e) and (f) of para-
8 graph two of subdivision a of this section.

9 2. Provided further, notwithstanding any other provision of this arti-
10 cle to the contrary, where a member is in a title as defined in subdivi-
11 sion i of section eighty-nine of this chapter under the jurisdiction of
12 the department of corrections and community supervision, and would have
13 been entitled to a service retirement benefit at the time of his or her
14 death and where his or her death occurs on or after July first, two
15 thousand eighteen, the beneficiary or beneficiaries may elect to
16 receive, in a lump sum, an amount payable which shall be equal to the
17 pension reserve that would have been established had the member retired
18 on the date of his or her death, or the value of the death benefit and
19 the reserve-for-increased-take-home-pay, if any, whichever is greater.

20 § 3. This act shall take effect immediately and shall expire five
21 years after the date on which it shall have become a law.

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

This bill would modify the in-service death benefit for tiers 2 through 6 state correction officers. The in-service death benefit will be the value of the pension reserve as if the member had retired on their date of death. The provision is scheduled to expire five years after the date it is enacted.

If such proposal is enacted during the 2018 legislative session, there will be a one-time past service cost of \$13.2 million, which would be borne by the state of New York as a one-time payment. This estimate is based on the assumption that payment will be made March 1, 2019.

If this provision is extended or made permanent by subsequent legislation, there would be additional costs.

These estimated costs are based on 20,712 state correction officers with a total annual salary of approximately \$1.5 billion for the fiscal year ending March 31, 2017.

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 the 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 January 17, 2018, and intended for use only during the 2018 Legislative Session, is Fiscal Note No. 2018-31, prepared by the Actuary for the New York State and Local Retirement System.