

STATE OF NEW YORK

7979--A

IN SENATE

March 15, 2018

Introduced by Sen. SANDERS -- 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

AN ACT to amend the retirement and social security law and the administrative code of the city of New York, in relation to granting members of the city's police force eligibility for retirement and pension based on previous service as traffic enforcement agents

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

1 Section 1. Section 343 of the retirement and social security law is
2 amended by adding a new subdivision i to read as follows:

3 i. Notwithstanding any other provision of law to the contrary, a
4 member of the New York state and local police and fire retirement system
5 who previously served as a New York city traffic enforcement agent shall
6 be entitled to receive his or her service credit earned exclusively
7 while working in that capacity in the New York city employees' retire-
8 ment system to the New York state police and fire retirement system and
9 may buy back and receive service credit for the period of time such
10 member was previously employed as a New York city traffic enforcement
11 agent. Provided, however, that a member shall not utilize the buyback
12 provision under this subdivision to revert to a previous original date
13 of membership different than the original date of membership in the New
14 York state and local police and fire retirement system.

15 § 2. The retirement and social security law is amended by adding a new
16 section 381-c to read as follows:

17 § 381-c. Service credit for members with previous service as New York
18 city traffic enforcement agents. Notwithstanding any other provision of
19 law to the contrary, a member of the New York state and local police and
20 fire retirement system enrolled in a plan pursuant to the provisions of
21 this title who previously served as a New York city traffic enforcement
22 agent shall be entitled to transfer his or her service credit earned
23 exclusively while working in that capacity in the New York city employ-
24 ees' retirement system to the New York state police and fire retirement

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

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1 system and may buy back and receive service credit for the period of
2 time such member was previously employed as a New York city traffic
3 enforcement agent. Provided, however, that a member shall not utilize
4 the buyback provision under this section to revert to a previous
5 original date of membership different than the original date of member-
6 ship in the New York state and local police and fire retirement system.

7 § 3. The retirement and social security law is amended by adding a new
8 section 446-a to read as follows:

9 § 446-a. Transfer of members of the New York city police department
10 from traffic enforcement to the police force. a. The time served as a
11 member of the city's traffic enforcement who has become a member of the
12 police force of the city of New York, whether by transfer or as a result
13 of a competitive examination and appointment, and who is still a member
14 of the police force of the city of New York, shall be included and
15 counted as service in the police force for the police department of the
16 city of New York in determining retirement and pension as provided in
17 this section, provided, however, that no person becoming a member of the
18 police department of the city of New York in the manner herein provided,
19 shall be entitled to participate in the benefits of the police pension
20 fund, unless he or she shall pay into such fund the total sum that he or
21 she would have been required to pay in order to participate therein had
22 he or she been a member of such force from the time he or she entered
23 the service of traffic enforcement. These provisions shall not be
24 subject to any restriction relative to transfers contained in the civil
25 service law or in the rules and regulations of the civil service commis-
26 sion of the state, or any subdivision thereof.

27 b. Notwithstanding any other provisions of law to the contrary, a
28 member of the New York city police department shall be entitled to buy
29 back and receive service credit for the period of time such member was
30 previously employed as a New York city traffic enforcement agent pursu-
31 ant to subdivision a of this section. Provided, however, that a member
32 shall not utilize the buyback provision under this section to revert to
33 a previous original date of membership different than the original date
34 of membership in the police pension fund of the city of New York.

35 § 4. The retirement and social security law is amended by adding a new
36 section 517-d to read as follows:

37 § 517-d. Transfer of members of the New York city police department
38 from traffic enforcement to the police force. a. The time served as a
39 member of the city's traffic enforcement who has become a member of the
40 police force of the city who served as a traffic enforcement agent,
41 whether by transfer or as a result of a competitive examination and
42 appointment, and who is still a member of the police force of the city
43 of New York, shall be included and counted as service in the police
44 force for the police department of the city of New York in determining
45 retirement and pension as provided in this section, provided, however,
46 that no person becoming a member of the police department of the city of
47 New York in the manner herein provided, shall be entitled to participate
48 in the benefits of the police pension fund, unless he or she shall pay
49 into such fund the total sum that he or she would have been required to
50 pay in order to participate therein had he or she been a member of such
51 force from the time he or she entered the service of traffic enforce-
52 ment. These provisions shall not be subject to any restriction relative
53 to transfers contained in the civil service law or in the rules and
54 regulations of the civil service commission of the state, or any subdivi-
55 vision thereof.

1 b. Notwithstanding any other provisions of law to the contrary, a
2 member of the New York city police department shall be entitled to buy
3 back and receive service credit for the period of time such member was
4 previously employed as a New York city traffic enforcement agent pursu-
5 ant to subdivision a of this section. Provided, however, that a member
6 shall not utilize the buyback provision under this section to revert to
7 a previous original date of membership different than the original date
8 of membership in the police pension fund of the city of New York.

9 § 5. The administrative code of the city of New York is amended by
10 adding a new section 13-633 to read as follows:

11 § 13-633 Transfer of members of the New York city police department
12 from traffic enforcement to the police force. a. The time served as a
13 member of the city's traffic enforcement who has become a member of the
14 police force of the city who served as a traffic enforcement agent,
15 whether by transfer or as a result of a competitive examination and
16 appointment, and who is still a member of the police force of the city,
17 shall be included and counted as service in the police force for the
18 police department of the city in determining retirement and pension as
19 provided in this code, provided, however, that no person becoming a
20 member of the police department of the city in the manner herein
21 provided, shall be entitled to participate in the benefits of the police
22 pension fund, unless he or she shall pay into such fund the total sum
23 that he or she would have been required to pay in order to participate
24 therein had he or she been a member of such force from the time he or
25 she entered the service of traffic enforcement. These provisions shall
26 not be subject to any restriction relative to transfers contained in the
27 civil service law or in the rules and regulations of the civil service
28 commission of the state, or any subdivision thereof.

29 b. Notwithstanding any other provisions of law, a member of the New
30 York city police department shall be entitled to buy back and receive
31 service credit for the period of time such member was previously
32 employed as a New York city traffic enforcement agent pursuant to subdi-
33 vision a of this section. Provided, however, that a member shall not
34 utilize the buyback provision under this section to revert to a previous
35 original date of membership different than the original date of member-
36 ship in the police pension fund.

37 § 6. This act shall take effect on the thirtieth day after it shall
38 have become a law.

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

This bill would modify the laws governing certain New York City public retirement systems in regards to granting creditable service for employment as a New York City traffic enforcement agent.

This bill would also affect the New York State and Local Police and Fire Retirement System (NYSLPFRS). Members who transfer into NYSLPFRS with traffic enforcement agent service would receive creditable service towards retirement under a special 20 or 25 year retirement plan in the NYSLPFRS. Currently, traffic enforcement agent service is not creditable service in a 20 or 25 year retirement plan in the NYSLPFRS.

If this bill is enacted, insofar as this bill would affect the NYSLPFRS, for such members who transfer to the NYSLPFRS in the future, there would be no cost to the NYSLPFRS.

However, there would be a cost for any member who has already transferred to the NYSLPFRS and would receive additional service credit under a special 20 or 25 year retirement plan. The cost would depend on the age, service, salary and plan of such affected members. IN all likelihood, very few members would be affected. Costs for any affected members

would be borne by the State of New York and all the participating employers in the NYSLPFRS.

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 19, 2018, and intended for use only during the 2018 Legislative Session, is Fiscal Note No. 2018-19, prepared by the Actuary for the New York State and Local Retirement System.

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

With respect to the New York City (City) Police Pension Fund (POLICE), the proposed legislation would amend provisions of the Retirement and Social Security Law (RSSL) and the Administrative Code of the City of New York (ACCNY) to deem prior service as a City Traffic Enforcement Agent (TEA), that was purchased or transferred from the New York City Employees' Retirement System (NYCERS), as service in the police force for purposes of POLICE retirement benefits in all applicable Tiers.

Effective Date: 30th day after enactment.

BACKGROUND: Currently Tier 1 and Tier 2 members of POLICE receive a benefit based on 75% of 1/60th times the average earnings for the member's last five years of service for each year of non-uniformed civilian service, such as prior TEA service. Tier 3 and Modified Tier 3/6 (i.e Revised Plan and Enhanced Plan) members are currently not entitled to receive an additional pension calculation for prior TEA service.

Under the proposed legislation, purchased or transferred NYCERS' TEA service will be classified as Allowable Service in the police force, and will be included in the minimum service required for eligibility and payment of an unreduced service retirement benefit for all applicable POLICE Tiers.

FINANCIAL IMPACT - ACTUARIAL PRESENT VALUES: With respect to POLICE and based on the actuarial assumptions and methods described herein, the enactment of the proposed legislation would increase the Actuarial Present Value (APV) of Benefits (APVB) by approximately \$29.5 million and decrease the Actuarial Present Value of member contributions of approximately \$1.5 million, resulting in an increase in the APV of future employer contributions of \$31.0 million.

Under the Entry Age Normal cost method used to determine employer contributions to POLICE, there would be an increase in the Unfunded Accrued Liability (UAL) of approximately \$46.6 million offset by a decrease in the APV of Future Employer Normal Costs of \$15.6 million.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with ACCNY Section 13-638.2(k-2), new UAL 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, 2017 the remaining working lifetime of former TEA who are POLICE members, assuming this proposed legislation is enacted, is approximately 13 years.

For this proposed legislation, the increase in UAL of \$46.6 million was amortized over a 13-year period (12 payments under the One-Year Lag Methodology) using level dollar payments resulting in an increase in annual employer contributions of approximately \$6.3 million per year, beginning in Fiscal Year 2020. Future years' costs in addition to the aforementioned cost would depend on factors such as, but not limited to, the number of TEA who become Police officers, years of TEA service, and salaries.

OTHER COSTS: Not measured in this Fiscal Note are:

- * the initial, additional administrative costs of POLICE, NYCERS, and other city agencies to implement the proposed legislation, and
- * the costs associated with the purchase of prior service.

CONTRIBUTION TIMING: For purposes of this Fiscal Note, it is assumed that the changes in the APV of future employer contributions and annual employer contributions would be reflected for the first time in the June 30, 2018 actuarial valuation of POLICE. In accordance with the One-Year Lag Methodology (OYLM) used to determine employer contributions, the increase in employer contributions would first be reflected in Fiscal Year 2020.

CENSUS DATA: The estimates presented herein are based on the census data used in the Preliminary June 30, 2017 (Lag) actuarial valuation of POLICE to determine the Preliminary Fiscal Year 2019 employer contributions.

This data was supplemented by data provided by the New York Police Department for 529 Police members who had prior service as a TEA as of June 30, 2017. These 529 members had, on average, approximately 3.1 years of TEA service. The Preliminary Fiscal Year 2019 employer contributions were based on these members having an average age of approximately 35.8 years, average POLICE service of approximately 6.2 years, and an average salary of approximately \$86,500. Table 1 contains a breakdown of the census data by Tier.

Table 1

Tier	Number	Average Age	Average Salary	Average Uniformed Service (Current)	Average TEA Service	Average Uniformed Service (Post Legislation)
Tier 2	248	40.5	\$109,202	10.6	3.9	14.5
Tier 3/6	281	31.8	\$66,511	2.3	2.4	4.7
Total	529	35.8	\$86,525	6.2	3.1	9.3

ACTUARIAL ASSUMPTIONS AND METHODS: The changes in the APV of future employer contributions and annual employer contributions presented herein have been calculated based on the same actuarial assumptions and methods in effect for the June 30, 2017 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2019 employer contributions of POLICE. Please note these assumptions and methods are subject to change as this valuation is not considered final until the end of Fiscal Year 2019.

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 2018-21 dated April 27, 2018, was prepared by the Chief Actuary for the New York City Police Pension Fund. This estimate is intended for use only during the 2018 Legislative Session.