STATE OF NEW YORK

8009

IN SENATE

March 9, 2020

Introduced by Sen. GOUNARDES -- 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 providing death benefits for correction officers employed by Nassau county

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

Section 1. The retirement and social security law is amended by adding a new section 508-b to read as follows:

§ 508-b. Death benefits for correction officers employed by Nassau county. a. As used in this section, the term "correction officer" shall mean a person employed by Nassau county with a title of correction recruit, correction officer, correction corporal, correction sergeant, correction lieutenant, or correction captain.

b. Notwithstanding any provision of law to the contrary, where a correction officer would have been entitled to a service retirement benefit at the time of his or her death and where his or her death occurs on or after the effective date of this section, the beneficiary or beneficiaries may elect to receive, in a lump sum, an amount payable which shall be equal to the pension reserve that would have been established had the member retired on the date of his or her death, or the value of the death benefit and the reserve-for-increased-take-home-pay, if any, whichever is greater.

§ 2. The retirement and social security law is amended by adding a new section 606-b to read as follows:

§ 606-b. Death benefits for correction officers employed by Nassau county. a. As used in this section, the term "correction officer" shall mean a person employed by Nassau county with a title of correction recruit, correction officer, correction corporal, correction sergeant, correction lieutenant, or correction captain.

b. Notwithstanding any provision of law to the contrary, where a correction officer would have been entitled to a service retirement benefit at the time of his or her death and where his or her death occurs on or after the effective date of this section, the beneficiary

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

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or beneficiaries may elect to receive, in a lump sum, an amount payable which shall be equal to the pension reserve that would have been established had the member retired on the date of his or her death, or the value of the death benefit and the reserve-for-increased-take-home-pay, if any, whichever is greater.

§ 3. All past service costs associated with implementing the provisions of this act shall be borne by the county of Nassau and may be amortized over a period of ten years.

§ 4. Notwithstanding any other provision of law to the contrary, none of the provisions of this act shall be subject to the appropriation requirement of section 25 of the retirement and social security law.

§ 5. This act shall take effect immediately.

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

This bill would modify the in-service death benefit for retirement eligible tiers 3 through 6 members of the New York State and Local Employees' Retirement System who are employed by Nassau County in certain correction officer job titles. The in-service death benefit will be the value of the pension reserve as if the member had retired on their date of death.

If this legislation is enacted during the 2020 legislative session, we anticipate that there will be an increase in the annual contributions of Nassau County of approximately $160,000 for the fiscal year ending March 31, 2021. In the future, this cost will vary as the billing rates and salaries of those affected change.

In addition to the annual contributions discussed above, there will be an immediate past service cost of approximately $2.88 million which will be borne by Nassau County as a one-time payment. This estimate is based on the assumption that payment will be made on February 1, 2021. If Nassau County elects to amortize this cost over a 10-year period, the cost for the first year would be $381,000.

These estimated costs are based on 822 affected members employed by Nassau County, with annual salary of approximately $102 million as of March 31, 2019.

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, 2019 actuarial valuation. Distributions and other statistics can be found in the 2019 Report of the Actuary and the 2019 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2015, 2016, 2017, 2018, and 2019 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, 2019 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 fiscal note does not constitute a legal opinion on the viability of the proposed change nor is it intended to serve as a substitute for the professional judgment of an attorney.

This estimate, dated February 6, 2020, and intended for use only during the 2020 Legislative Session, is Fiscal Note No. 2020-39, prepared by the Actuary for the New York State and Local Retirement System.