

STATE OF NEW YORK

10324

IN ASSEMBLY

April 22, 2020

Introduced by M. of A. LENTOL -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the administrative code of the city of New York, in relation to extending the benefits of the variable supplements fund for transit police members of the New York city employees' retirement system

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

1 Section 1. Paragraph (c) of subdivision 1 of section 13-191 of the
2 administrative code of the city of New York, as amended by chapter 577
3 of the laws of 1992, is amended to read as follows:

4 (c) "Beneficiary". Any person who receives a retirement allowance by
5 reason of having retired, on or after [~~July first, nineteen hundred~~
6 ~~eighty-seven~~] October first, nineteen hundred sixty-eight for service
7 (with credit for twenty or more years of service toward the minimum
8 period) as a transit police officer; provided, that no person who held a
9 rank or position as a transit police superior officer, as defined in
10 subdivision eighty-four of section 13-101 of this title who, on or after
11 May first, nineteen hundred ninety-two, subsequently became a transit
12 police officer shall be considered a beneficiary unless such person (1)
13 subsequently performed at least three years of service as a transit
14 police officer or (2) returned to service, from the position of
15 sergeant, as a transit police officer during the eighteen month proba-
16 tionary period, or such other probationary period as may be applicable
17 or (3) returned to service as a transit police officer during the three
18 year period specified in paragraph (e) of subdivision one of section
19 seventy-five of the civil service law, or (4) returned to service as a
20 transit police officer as the result of a hearing conducted pursuant to
21 applicable law.

22 § 2. Paragraph (b) of subdivision 1 of section 13-192 of the adminis-
23 trative code of the city of New York, as amended by chapter 720 of the
24 laws of 1994, is amended to read as follows:

25 (b) "Beneficiary". Any person who receives a retirement allowance by
26 reason of having retired, on or after [~~July first, nineteen hundred~~

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

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1 ~~eighty-seven,~~] October first, nineteen hundred sixty-eight, for service
2 (with credit for twenty or more years of service toward the minimum
3 period) as a transit police member and as a transit police superior
4 officer; provided, however, that where a person who held or holds a rank
5 or position as a transit police superior officer, subsequently and on or
6 after May first, nineteen hundred ninety-two became or becomes a transit
7 police officer, and while a transit police officer, retired or retires
8 for service under such circumstances that he or she would have qualified
9 as a beneficiary under the provisions of paragraph (c) of subdivision
10 one of section 13-191 of this title (other than the proviso thereof),
11 but did not or does not qualify as a beneficiary under such paragraph
12 (c) because he or she was or is disqualified by the terms of such provi-
13 so, such retiree shall nevertheless be deemed to be a beneficiary under
14 the provisions of this section.

15 § 3. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend Sections 13-191 and 13-192 of the Administrative Code of the City of New York (ACCNY), both enacted by Chapter 844 of the Laws of 1987, to extend the eligibility provisions providing for the payment of Transit Police Officers' and Transit Police Superior Officers' Variable Supplements Funds (VSF) benefits to certain retirees.

Specifically, this proposed legislation would provide for payments to former New York City Employees' Retirement System (NYCERS) members who are retired for service from the New York City Transit Police (TP) between October 1, 1968 and June 30, 1987 (Prior Retirees) with 20 or more years of service. These benefits would be paid from the following VSFs (referred to hereafter as the Impacted VSFs):

- * Transit Police Officers' Variable Supplements Fund (TPOVSF), and
- * Transit Police Superior Officers' Variable Supplements Fund (TPSOVSF).

Effective Date: Upon enactment.

IMPACT ON BENEFITS - VSF PAYMENTS: Each of the Impacted VSFs currently provides supplemental non-pension benefits to former NYCERS members who retired for service on or after July 1, 1987 as TP with 20 or more years of service.

The amount of VSF benefits paid is currently \$12,000 per Calendar Year.

These VSF benefits are payable on an annual basis around December 15th to eligible former NYCERS members for their lifetimes. There are no optional forms of payment. Upon the death of the NYCERS retiree, VSF payments cease.

If the proposed legislation were to be enacted, all Prior Retirees would become immediately eligible for VSF benefits on the December 15th subsequent to the Effective Date and for each year thereafter.

For the purposes of this Fiscal Note, the Actuary has assumed that benefits payable under this proposed legislation are prospective only (i.e. there would be no retroactive payments for VSF benefits due before the Effective Date for such Prior Retirees).

FINANCIAL IMPACT - PRESENT VALUES: Based on the census data and the actuarial assumptions and methods noted herein, the enactment of the proposed legislation would increase the Present Value of Future Benefits (PVFB) of the Impacted VSFs by approximately \$30.2 million as of June 30, 2019.

There are no active TP members of NYCERS and therefore there is no mechanism in place for funding the TP VSFs since the VSFs' funding allo-

cation method normally would be based on the ratio of active TP member salaries to salaries of all active members in NYCERS. As a consequence, a transfer from NYCERS to the Impacted VSFs would be necessary to fund the additional VSF benefit obligations.

FINANCIAL IMPACT - EMPLOYER CONTRIBUTIONS: In accordance with Section 13-638.2(k2) of the Administrative Code of the City of New York (ACCNY), new Unfunded Accrued Liability (UAL) attributable to benefit changes are to be amortized as determined by the Actuary, but are generally amortized over the remaining working lifetime of those impacted by the benefit changes.

For the purposes of this Fiscal Note, since those that would benefit are retired, and therefore have no remaining working lifetime, the entire increase in UAL (or PVFB) of \$30.2 million would be recognized immediately.

CONTRIBUTION TIMING: For the purposes of this Fiscal Note, it is assumed that the first VSF benefit payment would be made in December, 2020 and therefore, changes in the PVFB, and UAL would be reflected for the first time in the June 30, 2019 actuarial valuation of NYCERS. In accordance with the One-Year Lag Methodology (OYLM) used to determine employer contributions, the increase in employer contributions would be reflected in Fiscal Year 2021.

CENSUS DATA: The estimates presented herein are based on the census data used in the Preliminary June 30, 2019 (Lag) actuarial valuation of NYCERS to determine the Preliminary Fiscal Year 2021 employer contributions.

The 414 Prior Retirees as of June 30, 2019 had an average age of approximately 78.9 years.

ACTUARIAL ASSUMPTIONS AND METHODS: The changes in the PVFB and UAL presented herein have been calculated based on the actuarial assumptions and methods in effect for the June 30, 2019 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2021 employer contributions of NYCERS.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the realization of the actuarial assumptions used, as well as certain demographic characteristics of NYCERS and other exogenous factors such as investment, contribution, and other risks. If actual experience deviates from actuarial assumptions, the actual costs could differ from those presented herein. Costs are also dependent on the actuarial methods used, and therefore different actuarial methods could produce different results. Quantifying these risks is beyond the scope of this Fiscal Note.

Not measured in this Fiscal Note are the initial, additional administrative costs of NYCERS and other New York City agencies to implement the proposed legislation.

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, 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 2020-27 dated April 15, 2020, was prepared by the Chief Actuary for the New York City Employees' Retirement System. This estimate is intended for use only during the 2020 Legislative Session.