STATE OF NEW YORK

4488

2019-2020 Regular Sessions

IN SENATE

March 13, 2019

Introduced by Sen. GOUNARDES -- (at request of the NYC Actuary) -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

AN ACT to amend the administrative code of the city of New York, in relation to the rate of interest used in the actuarial valuation of liabilities for the purpose of calculating contributions to the New York city employees' retirement system, the New York city teachers' retirement system, the police pension fund, subchapter two, the fire department pension fund, subchapter two and the board of education retirement system of such city by public employers and other obligors required to make employer contributions to such retirement systems, the crediting of special interest and additional interest and additional interest to members of such retirement systems, and the allowance of supplementary interest on the funds of such retirement systems

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

Section 1. Paragraph 2 of subdivision b of section 13-638.2 of the administrative code of the city of New York, as amended by chapter 100 of the laws of 2018, is amended to read as follows:

(2) With respect to each retirement system, such rate of interest shall be as hereinafter set forth in this paragraph:

Retirement System	Rate of interest per centum per annum, compounded annually	First day and last day of fiscal year or series of fiscal years for which rate is effective
NYCERS	7%	July 1, 2011 to June 30, [~~2019~~] 2021

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

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NYCTRS	7%	July 1, 2011 to June 30, [~~2019~~] **2021**
PPF	7%	July 1, 2011 to June 30, [~~2019~~] **2021**
FPF	7%	July 1, 2011 to June 30, [~~2019~~] **2021**
BERS	7%	July 1, 2011 to June 30, [~~2019~~] **2021**

§ 2. Paragraph 2 of subdivision f of section 13-638.2 of the administrative code of the city of New York, as amended by chapter 100 of the laws of 2018, is amended to read as follows:

(2) Such special interest shall be allowed at the rates and for the periods set forth below in this paragraph:

Retirement System	Rate of interest per centum per annum, compounded annually	First day and last day of fiscal year or series of fiscal years for which rate is effective
NYCERS	1 1/4%	July 1, 2011 to June 30, [~~2019~~] **2021**
NYCTRS	1 1/4%	July 1, 2011 to June 30, [~~2019~~] **2021**
PPF	1 1/4%	July 1, 2011 to June 30, [~~2019~~] **2021**
FPF	1 1/4%	July 1, 2011 to June 30, [~~2019~~] **2021**
BERS	1 1/4%	July 1, 2011 to June 30, [~~2019~~] **2021**

§ 3. Paragraph 2 of subdivision g of section 13-638.2 of the administrative code of the city of New York, as amended by chapter 100 of the laws of 2018, is amended to read as follows:

(2) Such additional interest shall be included at the rates and for the periods set forth below in this paragraph:

Retirement System	Rate of interest per centum per annum, compounded annually	First day and last day of fiscal year or series of fiscal years for which rate is effective
NYCERS	1 1/4%	July 1, 2011 to June 30, [~~2019~~] **2021**
NYCTRS	1 1/4%	July 1, 2011 to June 30, [~~2019~~] **2021**
PPF	1 1/4%	July 1, 2011 to June 30, [~~2019~~] **2021**
FPF	1 1/4%	July 1, 2011 to June 30, [~~2019~~] **2021**
BERS	1 1/4%	July 1, 2011 to June 30, [~~2019~~] **2021**

§ 4. Paragraph 2 of subdivision i of section 13-638.2 of the administrative code of the city of New York, as amended by chapter 100 of the laws of 2018, is amended to read as follows:

(2) Such supplementary interest shall be allowed at the rates and for the periods set forth below in this paragraph:

Retirement System	Rate of interest per centum per annum, compounded annually	First day and last day of fiscal year or series of fiscal years for which rate is effective
NYCERS	0%	July 1, 2011 to June 30, [~~2019~~] **2021**
NYCTRS	0%	July 1, 2011 to June 30, [~~2019~~] **2021**
PPF	0%	July 1, 2011 to June 30, [~~2019~~] **2021**
FPF	0%	July 1, 2011 to June 30, [~~2019~~] **2021**
BERS	0%	July 1, 2011 to June 30, [~~2019~~] **2021**

§ 5. This act shall take effect July 1, 2019, except that if it shall have become a law subsequent to such date, this act shall take effect immediately and be deemed to have been in full force and effect on and after July 1, 2019.

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

SUMMARY OF BILL: The enactment of this proposed legislation (the Interest Rate Extender Legislation) would amend Administrative Code of the City of New York (ACCNY) Section 13-638.2, as amended by Chapter 100 of the Laws of 2018, to continue for Fiscal Years 2020 and 2021 the following rates of interest that expire on July 1, 2019 for the five actuarially-funded New York City Retirement System and Pension Funds (NYCRS):

* The 8.25% per annum rate used to credit interest on Tier 1 and Tier 2 member account balances (the sum of the 7.00% regular interest rate and the 1.25% special interest rate) and Increased-Take-Home-Pay (ITHP) Reserves (the sum of the 7.00% regular interest rate and the 1.25% additional interest rate), and

* The 7.00% per annum Actuarial Interest Rate (AIR) assumption used to compute employer contributions.

Effective Date: July 1, 2019.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: The continuation for Fiscal Years 2020 and 2021 of the same 8.25% per annum rate that was used for Fiscal Year 2019 to credit interest on Tier 1 and Tier 2 member contributions and ITHP Reserves would not change the amount or timing of expected employer contributions.

The continuation of the AIR assumption of 7.00% per annum that was used to determine preliminary employer contributions to the NYCRS for Fiscal Year 2019 would not change the expected amount or timing of employer contributions.

OTHER COSTS: Enactment of this proposed legislation would not be expected to produce any additional costs.

RISK AND UNCERTAINTY: The cost presented in this Fiscal Note depend highly on the actuarial assumptions and methods used and are subject to change based on the realization of potential investment, demographic, contribution, and other risks. If actuarial 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.

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 2019-01 dated March 8, 2019 was prepared by the Chief Actuary for the New York City Retirement Systems and Pension Funds. This estimate is intended for use only during the 2019 Legislative Session.