STATE OF NEW YORK

5555

2019-2020 Regular Sessions

IN SENATE

May 6, 2019

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

AN ACT granting retroactive membership in the 55/25 plan for tier 4 members in the New York city employees' retirement system to Hal Greenberg

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

Section 1. Notwithstanding any other law to the contrary, Hal Greenberg, who was employed by the New York city department of employment on June 28, 1995, and who is currently employed by the triborough bridge and tunnel authority and a tier 6 member of the New York city employees' retirement system, who through no fault of his own did not become a member of the New York city employees' retirement system's 55/25 plan for tier 4 members on June 28, 1995 when the New York city employee's retirement system offered a 90 day enrollment window into the 55/25 plan for tier 4 members shall be deemed to have been a member of the New York city employees' retirement system's 55/25 plan for tier 4 members on such date he could have enrolled and shall be granted membership into the 55/25 plan for tier 4 members, provided that an application is filed with the head of the New York city employees' retirement system within one year from the effective date of this act.

§ 2. All costs attributable to this act shall be borne by the city of New York.

§ 3. This act shall take effect immediately.

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

SUMMARY OF BILL: The proposed legislation would require the New York City Employees' Retirement System (NYCERS) to accept an application from Hal Greenberg, within one year from the date on which this proposed legislation is enacted, to be granted membership in the 55/25 Retirement Plan for Tier 4 Members (NYCERS 55/25 Plan) as if he had elected to join

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

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that Plan when it was originally offered to eligible NYCERS members effective June 28, 1995 pursuant to Chapter 96 of the Laws of 1995.

Effect Date: Upon enactment.

BACKGROUND: Mr. Greenberg initially joined the NYCERS 62/5 Retirement Plan for Tier 4 members (NYCERS Tier 4 62/5 Plan) in 1989. No election was made to participate in the NYCERS 55/25 Plan during the open application period (i.e. within 90 days from June 28, 1995). In 2010, he transferred his NYCERS membership to the New York State and Local Retirement System (NYSLRS). In April 2013, he returned to NYCERS membership by joining the Triborough Bridge and Tunnel Authority (TBTA) 20-Year/Age 50 Retirement Plan for Tier 6 Members (TBTA 50/20 Plan). In January 2018, Mr. Greenberg transferred his NYSLRS membership back to NYCERS and he later received a refund of his Tier 6 Basic Member Contributions as a result of this transfer. Mr. Greenberg is assumed to be eligible to be reinstated into the NYCERS Tier 4 62/5 Plan.

Mr. Greenberg has earned approximately 30 years of cumulative NYCERS service (22 years of NYCERS Tier 4 service, 3 years of NYSLRS service and 5 years of NYCERS service after he returned to NYCERS membership). For purposes of this Fiscal Note, we have assumed that he will make the additional employee contributions he would have been required to make had he been a member of the NYCERS 55/25 plan.

ADDITIONAL MEMBER CONTRIBUTIONS: In addition to the Tier 4 Basic Member Contributions Mr. Greenberg will have to make Additional Member Contributions (AMCs) equal to 1.85% of compensation for all service as a 55/25 Plan member on and after the starting date of the Plan until the date that he earned 30 years of credited service.

FINANCIAL IMPACT - PRESENT VALUES: The estimated financial impact of this proposal as of June 30, 2018 has been calculated as follows: (1) the benefits Mr. Greenberg would receive as a Tier 4 member in the NYCERS 55/25 Plan if this proposed legislation were enacted, less (2) the benefits Mr. Greenberg would be entitled to receive as a member in the NYCERS Tier 4 62/5 Plan.

As a Tier 4 member in the NYCERS 55/25 Plan, Mr. Greenberg would have been required to make AMCs accumulating to approximately $60,000.

Based on the actuarial assumptions and methods described herein, and if Mr. Greenberg pays the AMCs of $60,000, the enactment of this proposed legislation would increase the Present Value of Future Benefits (PVFB) by approximately $191,000, which would be offset by the AMC to be made by Mr. Greenberg of $60,000. The net result is an increase in the Present Value of future employer contributions of approximately $131,000 as of June 30, 2018.

Under the Entry Age Normal cost method used to determine the employer contributions to NYCERS, there would be an increase in the Unfunded Accrued Liability (UAL) of approximately $188,000 and a decrease in the Present Value of future employer Normal Cost of $57,000.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with the Administrative Code of the City of New York (ACCNY) Section 13-638.2(k-2), new UAL attributable to benefit changes are to be amortized as determined by the Actuary but generally as a level dollar amount over the remaining working lifetime of those impacted by the benefit changes. As of June 30, 2018, Mr. Greenberg's expected remaining working lifetime is approximately four years under the NYCERS 55/25 Plan.

For the purposes of this Fiscal Note, the increase in UAL was amortized over a four-year period (three payments under the One-Year Lag Methodology (OYLM)) using level dollar payments. This payment plus the

increase in Normal Cost results in an increase in annual employer contributions of approximately $78,000.

OTHER COSTS: Not measured in this Fiscal Note are the following:

* The initial, additional administrative costs of NYCERS and other New York City agencies to implement the proposed legislation.

* The impact of this proposed legislation on Other Postemployment Benefit (OPEB) costs.

CONTRIBUTION TIMING: For the purposes of this Fiscal Note, it is assumed that the changes in the Present Value of future employer contributions and annual employer contributions would be reflected for the first time in the June 30, 2019 actuarial valuation of the New York City Employees' Retirement System. In accordance with the OYLM used to determine employer contributions, the increase in employer contributions would first be reflected in Fiscal Year 2021.

CENSUS DATA: The estimates presented herein are based on the census data used in the Preliminary June 30, 2018 (Lag) actuarial valuation of NYCERS to determine the Preliminary Fiscal Year 2020 employer contributions. Additional data for Mr. Greenberg's transfer of NYSLRS membership to NYCERS, including service and contributions, was obtained from NYCERS.

ACTUARIAL ASSUMPTIONS AND METHODS: The changes in the Present Value of future employer contributions and annual employer contributions presented herein have been calculated based on the actuarial assumptions and methods in effect for the June 30, 2018 (Lag) actuarial valuation used to determine the Preliminary Fiscal Year 2020 employer contributions of NYCERS.

RISK AND UNCERTAINTY: The costs 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 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.

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 2019-13 dated April 29, 2019 was prepared by the Chief Actuary for the New York City Employees' Retirement System. This estimate is intended for use only during the 2019 Legislative Session.