STATE OF NEW YORK

8166--A

2021-2022 Regular Sessions

IN ASSEMBLY

July 7, 2021

Introduced by M. of A. ABBATE -- read once and referred to the Committee on Governmental Employees -- recommitted to the Committee on Governmental Employees in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT granting retroactive membership in the New York city employees' retirement system to Gregory Dunlavey and Angelo Pisani

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, Gregory Dunlavey, who was employed as a rackets investigator with the New York city district attorney with a start date of July 19, 2010, and Angelo Pisani, who was employed as a rackets investigator with the New York city district attorney with a start date of February 7, 2007, both of whom failed to indicate on their initial retirement member applications participation in either the district attorney investigators 25 year plan as provided by section 13-157.1 of the administrative code of the city of New York or the district attorney investigators 20 year plan as provided by section 13-157.4 of the administrative code of the city of New York, may file an application to opt in to either plan effective as of the member's respective start date. The application must be filed with the New York city employees' retirement system within one year from the effective date of this act.

§ 2. Any additional contributions will be borne by the respective members and made prior to retirement.

§ 3. All employer past service costs associated with implementing the provisions of this act shall be borne by the city of New York and may be amortized over a ten-year period.

§ 4. This act shall take effect immediately.

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

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

LBD08578-03-2

SUMMARY OF BILL: The proposed legislation would permit Gregory Dunlavey and Angelo Pisani, two active Tier 2 District Attorney Investigators and members of the New York City Employees' Retirement System (NYCERS), to elect, by filing an application with NYCERS within one year of the effective date, membership in the Tier 2 NYCERS 20-Year or 25-Year District Attorney Investigator (IDA) Plan.

Effective Date: Upon enactment.

BACKGROUND: Mr. Dunlavey and Mr. Pisani initially joined the NYCERS Modified Career Pension Plan (CPP) for Tier 2 members in 2010 and 2007, respectively. Although eligible to elect either the NYCERS IDA 20-Year or 25-Year Plan within 180 days of becoming an investigator member, neither made such election.

Mr. Dunlavey and Mr. Pisani have earned approximately 11 years and 25 years of NYCERS service, respectively (the latter reflects 11 years of purchased service). For purposes of this Fiscal Note, it has been assumed that they will both elect the IDA 20-Year Plan and make the employee contributions, including foregone interest, that would have been required had they been members of the IDA 20-Year plan from the time they initially joined NYCERS.

FINANCIAL IMPACT - PRESENT VALUES: The estimated financial impact of this proposed legislation has been calculated based on the difference between (1) the present value of benefits Mr. Dunlavey and Mr. Pisani would receive if the IDA 20-Year Plan were elected and (2) the present value of the Tier 2 benefits in the NYCERS Modified CPP Plan.

Based on the actuarial assumptions and methods described herein, and assuming that both Mr. Dunlavey and Mr. Pisani elected the IDA 20-Year Plan, the enactment of this proposed legislation would increase the Present Value of Future Benefits (PVFB) by approximately $103,000, and decrease the Present Value of future member contributions by approximately $12,000, resulting in an increase in the present value of future employer contributions of approximately $115,000.

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 $107,000 and an increase in the Present Value of future employer Normal Cost of $8,000.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: In accordance with 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 over the remaining working lifetime of those impacted by the benefit changes. As of June 30, 2021, the average remaining working lifetime for Mr. Dunlavey and Mr. Pisani is approximately nine years under the IDA 20-Year Plan.

For purposes of this Fiscal Note, the increase in UAL was amortized over a nine-year period (eight payments under the One-Year Lag Methodology (OYLM)) using level dollar payments. This payment plus the increase in the Normal Cost results in an increase in annual employer contributions of approximately $32,000 each year for approximately seven years with annual savings of approximately $17,000 for the subsequent nine years due to the assumed shorter working lifetime.

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 Preliminary June 30, 2022 actuarial valuation of NYCERS. In accordance with the OYLM used to determine employer contributions, the increase in employer contributions would first be reflected in Fiscal Year 2024.

CENSUS DATA: As of June 30, 2021, Mr. Dunlavey was approximately age 37, had approximately 11 years of service, and a salary of $101,815.

As of June 30, 2021, Mr. Pisani was approximately age 53, had approximately 25 years of service, and a salary of $92,799.

ACTUARIAL ASSUMPTIONS AND METHODS: The changes in 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, 2021 (Lag) actuarial valuation used to determine the Preliminary Fiscal Year 2023 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 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.

STATEMENT OF ACTUARIAL OPINION: I, Michael J. Samet, am the Interim Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am a Fellow of the Society of Actuaries and a Member of the American Academy of 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 2022-20 dated April 12, 2022 was prepared by the Interim Chief Actuary for the New York City Employees' Retirement System. This estimate is intended for use only during the 2022 Legislative Session.