# STATE OF NEW YORK

5526

2021-2022 Regular Sessions

# IN SENATE

March 10, 2021

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

AN ACT authorizing Jonathan Grossman to apply for a recalculation of his retirement benefits

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

Section 1. Notwithstanding any provision of law to the contrary, Jonathan Grossman, who joined the New York city teachers' retirement system as a Tier I member on January 1, 1972, who retired from such system on September 28, 2010, and who for reasons not ascribable to his own negligence had his retirement benefits calculated without the inclusion of a lump sum payment for accumulated vacation, shall have his retirement benefits recalculated with such lump sum payments, including interest accruing from the date of retirement, if he shall file an application therefor with the state comptroller on or before one year of the effective date of this act.

§ 2. All past service costs of implementing the provisions of 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 provide to Jonathan Grossman, a retired Tier 1 member of the New York City Teachers' Retirement System (TRS), an election, by filing an application with the State Comptroller within one year of the effective date on which the proposed legislation is passed, to have his retirement benefits recalculated to include his lump sum payment for accumulated vacation in the calculation of his final average salary.

Effective Date: Upon enactment.

BACKGROUND: Mr. Grossman retired as a Tier 1 TRS member on September 28, 2010. He currently receives an annual retirement allowance of

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

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$102,523 per year under the 50% Joint and Survivor with Pop-Up payment option.

If the proposed legislation is passed, Mr. Grossman's retirement allowance would be recalculated to include in his final average salary a lump sum payment he received for unused vacation time, which is a benefit that is generally not afforded TRS retirees. The additional cost, less any required member contributions paid by Mr. Grossman, to fund the increased retirement allowance associated with the proposed legislation would fall upon the City of New York.

Because Tier 1 TRS members are generally permitted to take an actuarial reduction of their retirement allowance to account for deficits in member contributions, for purposes of this fiscal note, it is assumed that Mr. Grossman would not pay any owed member contributions resulting from the recalculation. Based on this assumption and application of other Tier 1 benefit calculation provisions, it is estimated that Mr. Grossman's annual retirement allowance would increase to $113,542. This annual increase would apply prospectively as well as retroactively, less any payments previously made, to Mr. Grossman's September 28, 2010 date of retirement.

FINANCIAL IMPACT - PRESENT VALUES: The estimated financial impact of this proposal has been calculated based on the difference between the present value of (1) the benefits Mr. Grossman would receive if this proposed legislation were enacted (retroactive to his September 28, 2010 retirement date) and (2) the benefits that are currently and have been paid to Mr. Grossman.

Based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Present Value of Future Benefits (PVFB) and the Unfunded Accrued Liability (UAL) of TRS by approximately $263,000 as of June 30, 2021.

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.

For purposes of this Fiscal Note, since Mr. Grossman is retired and collecting a pension, and therefore has no remaining working lifetime, the entire increase in UAL (or PVFB) would be recognized immediately.

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

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

CONTRIBUTION TIMING: For the purposes of this Fiscal Note, it is assumed that the changes in the PVFB and annual employer contributions would be reflected for the first time in the June 30, 2021 actuarial valuation of TRS. 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 2023.

CENSUS DATA: As of June 30, 2021, Mr. Grossman will be approximately age 74, and will receive a pension of $102,523 per year under the 50% Joint and Survivor with Pop-Up payment option.

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

The Actuary is proposing a set of changes for use in the June 30, 2019 (Lag) actuarial valuations of TRS to determine the Final Fiscal Year

2021 Employer Contributions (2021 A&M). If the 2021 A&M is enacted, the increase in PVFB would not be materially different from the result shown above.

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 2021-09 dated March 9, 2021 was prepared by the Chief Actuary for the New York City Teachers' Retirement System. This estimate is intended for use only during the 2021 Legislative Session.