

# STATE OF NEW YORK

---

5728--A

2021-2022 Regular Sessions

## IN SENATE

March 17, 2021

---

Introduced by Sen. GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Cities 1 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the administrative code of the city of New York, in relation to the tax-deferred annuity program of the New York city teachers' retirement system

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

1 Section 1. Paragraph 2 of subdivision g of section 13-582 of the  
2 administrative code of the city of New York, as added by chapter 677 of  
3 the laws of 2003, is amended to read as follows:

4 2. Notwithstanding any other provision of this chapter, any rules or  
5 regulations adopted by the retirement board, or any other provisions of  
6 law to the contrary, the beneficiary of a deceased participant in the  
7 tax-deferred annuity program who had not, prior to his or her death,  
8 selected an option governing the manner in which his or her tax-deferred  
9 account would be payable to his or her beneficiary, may, subject to  
10 paragraphs three, four, and five of this subdivision, elect, at such  
11 time and in such manner as determined by the retirement board, to defer  
12 the distribution to him or her from the participant's tax-deferred  
13 account to the extent permitted by, and in a manner consistent with, the  
14 provisions of section 403(b) of the Internal Revenue Code and the regu-  
15 lations promulgated pursuant to such section. Provided, however, the  
16 beneficiary of a deceased participant who dies on or after July first,  
17 two thousand twenty-one shall not be allowed to establish a tax-deferred  
18 account as provided in this subdivision.

19 § 2. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation (see Appendix), would amend

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

LBD10516-02-1

Section 13-582 of the Administrative Code of the City of New York (ACCNYS), to end allowing for beneficiaries of deceased participants in the Tax-Deferred Annuity (TDA) Program of the New York City Teachers' Retirement System (TRS), who die on or after July 1, 2021, to create their own TDA account. Authorization for TDA beneficiaries to create accounts was originally enacted pursuant to Chapter 677 of the Laws of 2003.

Effective Date: Upon enactment.

IMPACT ON BENEFITS: Currently, upon the death of a TRS member who participated in the TRS TDA Program and had a TDA account balance, a beneficiary is permitted, under certain circumstances, to defer the distribution of such TDA account balances.

The proposed legislation would require beneficiaries to either roll over or take a full distribution of the TDA account balance, unless payment by way of an annuitization of the balance is permitted and elected.

FINANCIAL IMPACT- SUMMARY: The enactment of this proposed legislation is expected to have minimal to no impact on employer contributions. TDA beneficiaries are only entitled to invest in the variable funds and administrative costs are paid for by participants. Therefore, the enactment of this proposed legislation would not be expected to have any material impact on the assets or liabilities of TRS.

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 TRS, 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 potential increase in annuitization of TDA account balances.
- \* The initial, additional administrative costs 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 2021-17 dated April 2, 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.