

# STATE OF NEW YORK

---

6980--A

2021-2022 Regular Sessions

## IN SENATE

May 20, 2021

---

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

AN ACT to amend the retirement and social security law, in relation to authorizing police/fire members of the New York city fire department pension fund to obtain credit for service as an EMT member

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

1 Section 1. Paragraph 2 of subdivision c of section 513 of the retire-  
2 ment and social security law, as added by chapter 890 of the laws of  
3 1976, is amended to read as follows:

4 2. A (i) police/fire member shall be eligible to obtain credit for  
5 service with a public employer described in paragraph one only if such  
6 service, if rendered prior to July first, nineteen hundred seventy-six  
7 by a police/fire member who was subject to article eleven of this chap-  
8 ter, would have been eligible for credit in the police/fire retirement  
9 system or plan involved.

10 (ii) Notwithstanding any other provision of law to the contrary, a  
11 member of the New York city fire department pension fund subject to this  
12 article shall be eligible to obtain credit for any period of allowable  
13 service rendered as an EMT member, as such term is defined in paragraph  
14 one of subdivision a of section six hundred four-e of this chapter,  
15 which immediately precedes service in the uniformed force of the fire  
16 department and such service shall be deemed to be in service of the  
17 uniformed force of the fire department for purposes of eligibility for  
18 benefits and to determine the amount of benefits under the New York city  
19 fire department pension fund, provided that such member pays or trans-  
20 fers into the New York city fire department pension fund all member  
21 contributions set forth in section five hundred seventeen of this arti-  
22 cle plus interest, at a rate of five percent per annum. For a member who

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

LBD07873-03-1

1 transfers such contributions from the New York city employees' retire-  
2 ment system to the New York city fire department pension fund or for a  
3 member who withdraws such contributions from the New York city employ-  
4 ees' retirement system, such member's membership in the New York city  
5 employees' retirement system shall cease upon such transfer or with-  
6 drawal and such member shall retain no credited service in such system.

7 (iii) The provisions of this paragraph shall apply to a member with  
8 ten or more years of credited service in the New York city employees'  
9 retirement system, notwithstanding the provisions of section six hundred  
10 thirteen of this chapter or any other provision of law to the contrary.

11 § 2. This act shall take effect immediately.

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

SUMMARY OF BILL: This enactment of this proposed legislation (see Appendix) would amend subdivision c of section 513 of the Retirement and Social Security Law (RSSL) to allow New York City Fire Pension Fund (FIRE) members subject to Article 14 (Tier 3, Tier 3 Modified, and Tier 3 Enhanced) to obtain service credit for service rendered as an emergency medical technician (EMT) with the New York City Employee's Retirement System (NYCERS) that immediately precedes service in FIRE. If properly transferred or purchased, such service shall be deemed to be FIRE service for purposes of determining the eligibility for benefits and for determining benefit amounts.

Effective Date: Upon enactment.

BACKGROUND: Currently, the purchase or transfer of service rendered as a NYCERS EMT member does not provide an additional service retirement benefit for FIRE members subject to Article 14.

IMPACT ON BENEFITS: Under the proposed legislation, eligible FIRE members would be able to purchase or transfer service earned as an EMT member and have that service count for purposes of determining the eligibility for benefits and for determining benefit amounts in FIRE. Upon attaining eligible service credit with FIRE, the member would relinquish prior membership and applicable benefits with NYCERS.

IMPACT ON PAYABILITY: Including EMT service towards eligibility would increase and/or accelerate the payability date of benefits.

MEMBER CONTRIBUTIONS: Eligible FIRE members with EMT service immediately preceding their FIRE service would have to pay, via purchase or transfer from NYCERS, applicable Article 14 member contributions, plus 5.0% annual interest for such purchased or transferred service. Member contributions made as a NYCERS EMT member that exceed the amount needed for the applicable Article 14 contributions with interest would, if not otherwise utilized for a separate vested benefit, be refunded with 5.0% annual interest.

FINANCIAL IMPACT - PRESENT VALUES: Based on the census data and the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Present Value of Future Benefits (PVFB) by approximately \$13.4 million and decrease the Present Value of member contributions of approximately \$0.7 million. The net result is an increase in the Present Value of future employer contributions of approximately \$14.1 million.

Under the Entry Age Normal cost method used to determine the employer contributions to FIRE, there would be an increase in the Unfunded Accrued Liability (UAL) of approximately \$31.0 million offset by a decrease in the Present Value of future employer Normal Cost of \$16.9 million.

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, 2020, the remaining working lifetime of the current FIRE Tier 3 members potentially eligible to purchase EMT service is approximately 21 years.

For the purposes of this Fiscal Note, the increase in UAL was amortized over a 21-year period (20 payments under the One-Year Lag Methodology (OYLM)) using level dollar payments. This payment offset by a decrease in the Normal Cost results in an increase in annual employer contributions of approximately \$2.9 million each year. The average annual employer cost per member included in this fiscal note is approximately \$2,400 per year.

CENSUS DATA: The estimates presented herein are based on the census data used in the June 30, 2020 (Lag) actuarial valuation of FIRE to determine the Preliminary Fiscal Year 2022 employer contributions.

There are an estimated 1,203 active FIRE Tier 3 members as of June 30, 2020 who could potentially benefit from the proposed legislation by purchasing service earned as an EMT member. These active members had an average age of approximately 30.5 years, average service of approximately 3.6 years (before purchasing any additional service), and an average salary of approximately \$81,800. On average, the 1,203 active FIRE Tier 3 members would be able to purchase 2.9 years of service earned as an EMT member with an estimated purchase cost of \$7,700 per former EMT member as of June 30, 2020.

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, 2019 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2021 employer contributions of FIRE.

The Actuary is proposing a set of changes for use beginning with the June 30, 2019 (Lag) actuarial valuations of FIRE to determine the Final Fiscal Year 2021 Employer Contributions (2021 A&M). If the 2021 A&M is enacted, it is estimated that it would produce PVFB and annual employer contribution results that are within 1% of the results shown above.

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 FIRE 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 employer costs for service purchased by future FIRE Tier 3 members for service earned as an EMT member. However, as noted above, the average annual employer cost per member included in this fiscal note is approximately \$2,400 per year.

- \* The initial, additional administrative costs to implement the proposed legislation.

- \* The impact of this proposed legislation on Other Postemployment Benefit costs.

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 2021-49 dated June 10, 2021 was prepared by the Chief Actuary for the New York City Fire Pension Fund. This estimate is intended for use only during the 2021 Legislative Session.