STATE OF NEW YORK

5055

2023-2024 Regular Sessions

IN ASSEMBLY

February 28, 2023

Introduced by M. of A. PHEFFER AMATO -- read once and referred to the Committee on Governmental Employees

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:

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

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

(ii) Notwithstanding any other provision of law to the contrary, a member of the New York city fire department pension fund subject to this article shall be eligible to obtain credit for any period of allowable service rendered as an EMT member, as such term is defined in paragraph one of subdivision a of section six hundred four-e of this chapter, as added by chapter five hundred seventy-seven of the laws of two thousand, which immediately precedes service in the uniformed force of the fire department and such service shall be deemed to be in service of the uniformed force of the fire department for purposes of eligibility for benefits and to determine the amount of benefits under the New York city fire department pension fund, provided that such member pays or transfers into the New York city fire department pension fund all member contributions set forth in section five hundred seventeen of this article plus interest, at a rate of five percent per annum. For a member who transfers such contributions from the New York city employees' retirement system to the New York city fire department pension fund or for a member who withdraws such contributions from the New York city employees' retirement system, such member's membership in the New York city

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

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employees' retirement system shall cease upon such transfer or withdrawal and such member shall retain no credited service in such system.

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

§ 2. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation 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).

The EMT service credit with NYCERS must immediately precede service in FIRE. If properly transferred or purchased, such service shall be deemed as pensionable service for purposes of determining the eligibility for benefits and benefit amounts in FIRE.

Upon attaining eligible service credit with FIRE, the member would relinquish prior membership and applicable benefits with NYCERS.

Effective Date: Upon enactment.

IMPACT ON BENEFITS/PAYABILITY: 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.

Under the proposed legislation, EMT service transferred or purchased would count for purposes of determining benefit amounts and eligibility in FIRE and would increase and/or accelerate the payability date of benefits.

MEMBER CONTRIBUTIONS: Member contributions as defined in Article 14, plus 5.0% annual interest, for EMT service purchased or transferred would apply.

Member contributions made as a NYCERS EMT member in excess of the amount required 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 result in an increase in the present value of future employer contributions of approximately $19.3 million.

This net increase is a result of an increase in the Present Value of Future Benefits (PVFB) of approximately $16.7 million and a decrease in the present value of member contributions of approximately $2.6 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 $40.6 million offset by a decrease in the present value of future employer Normal Cost of approximately $21.3 million.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: The enactment of this proposed legislation would result in an initial increase in annual employer contributions of approximately $3.9 million which is the result of a decrease in the Normal Cost offset by the UAL payment. The average annual employer cost per member included in this fiscal note is approximately $3,100.

New UAL attributable to benefit changes are generally amortized over the remaining working lifetime of those impacted by the benefit changes. The remaining working lifetime for this group is approximately 19 years and the increase in UAL was therefore amortized over a 19-year period

(18 payments under the One-Year Lag Methodology) using level dollar payments.

CENSUS DATA: The estimates presented herein are based on the census data used in the June 30, 2022 actuarial valuation of FIRE to determine the Preliminary Fiscal Year 2024 employer contributions.

There are an estimated 1,261 active FIRE Tier 3 members as of June 30, 2022 who could potentially benefit from the proposed legislation by purchasing or transferring service earned as an EMT member. These active members had an average age of approximately 32.3 years, average service of approximately 5.3 years (before purchasing any additional service), and an average salary of approximately $98,500.

On average, the 1,261 active FIRE Tier 3 members would be able to purchase 3.0 years of service earned as an EMT member with an estimated purchase cost of $7,400 per former EMT member as of June 30, 2022.

ACTUARIAL ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the actuarial assumptions and methods to be used for the Preliminary Fiscal Year 2024 employer contributions of FIRE.

For the purposes of this Fiscal Note, it is assumed that the changes would be reflected for the first time in the June 30, 2022 actuarial valuation of FIRE used to determine employer contributions for Fiscal Year 2024.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the realization of the actuarial assumptions used, demographics of the impacted population and other 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 $3,100.

* 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, Marek Tyszkiewicz, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am an Associate 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 2023-01 dated February 10, 2023 was prepared by the Chief Actuary for the New York City Fire Pension Fund. This estimate is intended for use only during the 2023 Legislative Session.