STATE OF NEW YORK

5798

2023-2024 Regular Sessions

IN ASSEMBLY

March 23, 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 service retirement benefits for certain members of the New York city employees' retirement system

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

Section 1. Section 505 of the retirement and social security law, as amended by chapter 18 of the laws of 2012, is amended to read as follows:

§ 505. Service retirement benefits; police/fire members, New York city uniformed correction/sanitation revised plan members and investigator revised plan members. a. The normal service retirement benefit for police/fire members, New York city uniformed correction/sanitation revised plan members and investigator revised plan members at normal retirement age shall be a pension equal to fifty percent of final average salary, less fifty percent of the primary social security retirement benefit commencing at age sixty-two, as provided in section five hundred eleven of this article__*, except that for police/fire members of the New York city fire department pension fund or the New York city police pension fund, the New York city uniformed correction/sanitation revised plan members or investigator revised plan members of the New York city employees' retirement system, the normal service retirement benefit shall not be reduced by the primary social security retirement benefit commencing at age sixty-two as provided in section five hundred eleven of this article*__.

b. The early service retirement benefit for police/fire members, New York city uniformed correction/sanitation revised plan members and investigator revised plan members shall be a pension equal to two and one-tenths percent of final average salary times years of credited service at the completion of twenty years of service or upon attainment

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

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of age sixty-two, increased by one-third of one percent of final average salary for each month of service in excess of twenty years, but not in excess of fifty percent of final average salary, less fifty percent of the primary social security retirement benefit commencing at age sixty-two as provided in section five hundred eleven of this article, provided, however, that New York city police/fire revised plan members, New York city uniformed correction/sanitation revised plan members and investigator revised plan members shall not be eligible to retire for service prior to the attainment of twenty years of credited service**, and provided further that for police/fire members of the New York city fire department pension fund or the New York city uniformed correction/sanitation revised plan members or investigator revised plan members of the New York city employees' retirement system, the early service retirement benefit shall not be reduced by the primary social security retirement benefit commencing at age sixty-two as provided in section five hundred eleven of this article**.

c. A police/fire member, a New York city uniformed correction/sanitation revised plan member or an investigator revised plan member who retires with twenty-two years of credited service or less may become eligible for annual escalation of the service retirement benefit if he elects to have the payment of his benefit commence on the date he would have completed twenty-two years and one month or more of service. In such event, the service retirement benefit shall equal two percent of final average salary for each year of credited service, less fifty percent of the primary social security retirement benefit commencing at age sixty-two as provided in section five hundred eleven of this article**, except that for police/fire members of the New York city fire department pension fund or the New York city police pension fund, New York city uniformed correction/sanitation revised plan members or investigator revised plan members of the New York city employees' retirement system, the service retirement benefit shall not be reduced by the primary social security retirement benefit commencing at age sixty-two as provided in section five hundred eleven of this article**.

§ 2. Section 511 of the retirement and social security law is amended by adding a new subdivision h to read as follows:

h. This section shall not apply to police/fire members of the New York city fire department pension fund or the New York city police pension fund, to New York city uniformed correction/sanitation revised plan members or investigator revised plan members of the New York city employees' retirement system who receive a service retirement benefit pursuant to section five hundred five of this article or a deferred vested benefit pursuant to section five hundred sixteen of this article.

§ 3. Subdivision c of section 516 of the retirement and social security law, as amended by chapter 18 of the laws of 2012, is amended to read as follows:

c. The deferred vested benefit of police/fire members, New York city police/fire revised plan members, New York city uniformed correction/sanitation revised plan members or investigator revised plan members shall be a pension commencing at early retirement age equal to two and one-tenths percent of final average salary times years of credited service, less fifty percent of the primary social security retirement benefit commencing at age sixty-two, as provided in section five hundred eleven of this article**, except that for police/fire members of the New York city fire department pension fund or the New York city police pension fund, New York city uniformed correction/sanitation revised plan members or investigator revised plan members of the New**

York city employees' retirement system, the service retirement benefit shall not be reduced by the primary social security retirement benefit commencing at age sixty-two as provided in section five hundred eleven of this article. A police/fire member, a New York city police/fire revised plan member, a New York city uniformed correction/sanitation revised plan member or investigator revised plan member may elect to receive his vested benefit commencing at early retirement age or age fifty-five. If the vested benefit commences before early retirement age, the benefit shall be reduced by one-fifteenth for each year, if any, that the member's early retirement age is in excess of age sixty, and by one-thirtieth for each additional year by which the vested benefit commences prior to early retirement age. If such vested benefit is deferred until after such member's normal retirement age, the benefit shall be computed and subject to annual escalation in the same manner as provided for an early retirement benefit pursuant to subdivision c of section five hundred five of this article.

§ 4. This act shall take effect on the sixtieth day after it shall have become a law.

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

SUMMARY OF BILL: This proposed legislation would amend Sections 505, 511, and 516 of the Retirement and Social Security Law (RSSL) to eliminate the offset equal to 50% of the primary Social Security benefit in the normal service, early service, and vested retirement benefits for Tier 3 uniformed members in the original, revised, modified, and enhanced plans (i.e., the 22-Year Plans) of the New York City Employees' Retirement System (NYCERS), the New York City Police Pension Fund (POLICE), and the New York City Fire Pension Fund (FIRE) who are subject to Article 14 of the RSSL.

Effective Date: Sixty days after enactment.

IMPACT ON BENEFITS: Currently, the RSSL Article 14 normal service retirement, early service retirement, and vested retirement benefits for members in 22-Year Plans are subject to an offset equal to 50% of the primary Social Security benefit as defined in RSSL Section 511 beginning at age 62.

Under the proposed legislation, the offset for such benefits would be eliminated resulting in an increase in benefits.

FINANCIAL IMPACT: Based on the census data and the actuarial assumptions and methods described herein, the enactment of this proposed legislation would result in an initial increase in the Present Value of Future Benefits (PVFB) and the present value of future employer contributions of approximately $316.0 million for NYCERS, $675.0 million for POLICE, and $94.4 million for FIRE, resulting in a total increase of approximately $1.1 billion for NYCRS.

The financial impact will increase as the impacted population increases over time. The estimate of the increase in annual employer contributions for Fiscal Years 2024 through 2028 are shown in the table below.

Increase in Employer Contributions
($ Millions)

Fiscal Year	NYCERS	POLICE	FIRE	TOTAL
2024	$ 27.3	$ 50.8	$ 6.4	$ 84.5
2025	$ 29.3	$ 54.8	$ 7.1	$ 91.2
2026	$ 30.9	$ 59.1	$ 7.9	$ 97.9

2027	$ 33.1	$ 63.9	$ 8.6	$ 105.6
2028	$ 35.6	$ 69.4	$ 9.3	$ 114.3

New Unfunded Accrued Liability (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 impacted Tier 3 members is approximately 17 years for those in NYCERS, 18 years for those in POLICE, and 19 years for those in FIRE.

The increase in UAL for NYCERS was therefore amortized over a 17-year period (16 payments under the One-Year Lag Methodology) using level dollar payments. Under the same methodology the increase in the UAL for POLICE and FIRE was amortized over 17 and 18 payments, respectively.

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

The table below contains a summary of the census data for active Tier 3 members in Article 14 22-Year Plans in NYCERS, POLICE, and FIRE.

NYCRS	Active Count	Average Age	Average Service	Average Salary
NYCERS	7,085	38.5	6.3	$96,700
POLICE	19,375	32.2	5.7	$101,600
FIRE	4,469	32.9	5.2	$106,300

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

New entrants were projected to replace the members expected to leave the active population to maintain a steady-state population. New entrant demographics were developed based on data for recent new hires and actuarial judgement.

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 NYCERS, POLICE, and 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 initial, additional administrative costs to implement the proposed legislation.
* Pension costs for future members of NYCERS, POLICE, and FIRE hired on or after 7/1/2026.
* Cost analyses relating to provisions contained in RSSL Section 500(c).

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 am a member of NYCERS but do not believe it impairs my objectivity and 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 2023-06 dated March 1, 2023 was prepared by the Chief Actuary for the New York City Employees' Retirement System, the New York City Police Pension Fund, and the New York City Fire Pension Fund. This estimate is intended for use only during the 2023 Legislative Session.